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OVERSEAS MOVING BY MICHAEL GERSON 01-446 1300

FINANCIAL TIMES

No. 30,954

Weekend September 23/September 24 1989

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WORLD NEWS

Arab plan lifts Lebanon peace hopes

General Michel Aoun, leader of Lebanon's Christian forces, yesterday opened the way to possible peace in his country when he accepted Arab League proposals for ending the conflict.

With a formal ceasefire due to start today, the deal appeared to signal the end of six months' fierce fighting in Beirut between Christians and Muslims. Page 24

Hugo hits US

Hurricane Hugo tore into the south-eastern US with 135 mph winds, killing at least four people in South Carolina. Buildings in Charleston were flattened and the roof was ripped off the city hall. Page 2

Red stars to go

Hungary is to remove communist red star symbols from public buildings and replace them with a national flag or coat of arms. Thousands of former political prisoners are being promised compensation. Page 5

Ambulance talks fail

Talks between Britain's 19,000 ambulance workers and health service chiefs broke down amid mutual recriminations, making it likely that the pay dispute will now spread. Page 5

Peking opponents rally

Emigre Chinese dissidents in Paris launched the Front for Democratic China, intended to be a worldwide opposition group to one-party rule in Peking. Page 1

Student numbers grow

Six per cent more applicants have gained UK university places this year than last. The number of new entrants has risen by 5,663 to 94,310. Student loan scheme talks near end. Page 4

Hizballah threat

The Lebanese pro-Iranian Hizballah group threatened revenge against Saudi Arabia for executing 16 Shiite Muslims. Kuwaitis convicted of bombings during the July pilgrimage to Mecca. Page 6

US-Soviet dialogue

High-level talks opened in Wyoming between the US and Soviet Union amid optimism that there could soon be a summit meeting between President George Bush and Mikhail Gorbachev. Page 2

British club attacked

Twenty-five people were hurt when three grenades exploded in the garden of the British Club in the Iraqi capital, Baghdad, on Wednesday. Expatriates of all nationalities use the club. Page 3

Nobel row over Rushdie

Three members of the Nobel Literature Prize committee in Sweden have quit over the group's refusal to condemn threats to Salman Rushdie, author of the controversial novel The Satanic Verses. Their resignations have not been accepted. Page 1

SNP targets Labour

The Scottish Nationalist Party singled Labour out as its main opponent at the next general election, saying the party was the biggest obstacle to Scottish self-government. Page 4

Bear-cancer link

Daily beer drinkers are 12 times as likely to develop cancer of the colon than abstemious drinkers, according to a 17-year study in Japan. Researchers at the Institute of Preventive Oncology, Tokyo, found that drinkers in general were at four times greater risk. Page 5

Europe lead in Ryder Cup

Spanish golfer Severiano Ballesteros and Jose-María Olazabal helped the European team to a 5-3 lead after the first day of the Ryder Cup against the US at The Belfry, Birmingham. Europe won the afternoon four-ball 4-0 after losing the morning foursomes 3-1. Europe's spirited comeback. Page XXII

BUSINESS SUMMARY

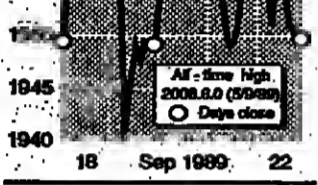
Michelin buys Uniroyal for \$1.5bn

Michelin of France overtook Goodyear as leader of the world tyre market when it bought Uniroyal Goodrich of the US for about \$1.5bn (\$952m).

Michelin will take over nine mostly elderly tyre, textile and rubber factories worldwide, annual sales of about \$2.2bn (£1.36bn), a workforce of about 18,500 and a network of independent tyre dealers. Page 24

UK equities

UK equities drifted downwards in another cautious trading session ahead of this weekend's meeting of the Group FT Index.



of Seven Ministers. The FT Ordinary rose 13.4 to 1,948.5, virtually unchanged from last week's close of 1,948.7. London Stock Exchange. Page 15

CHRYSLER, third-largest US motor manufacturer, sold half of its holding in Mitsubishi Motors to Japanese institutional investors for nearly \$600m (£390m). Page 10

UK CONSUMER spending remained buoyant in the second quarter of this year, but a fall in fixed investment and stock building meant that overall economic activity ground to a halt between April and June. Page 4

UNIT TRUSTS: The value of funds under management rose by £1.5bn in August to a record of \$26.1bn, a 41 per cent increase over the last year and \$5.5bn above the level in September 1987, just before the stock market crash. Gross sales of \$265.5m and net new investment of £283.5m in August were the highest since February. Equity confidence. Weekend Page 2

PROCTER & GAMBLE, US consumer products group, is branching out into cosmetics with the agreed \$1.1bn (£625m) takeover of Norel. Page 10

FERRUZZI, Italian food and agricultural products conglomerate, announced extraordinary losses on its trading operations that could reach up to \$100m (£63m). Page 10

ACCOUNTANCY firms Horwath & Horwath and Spicer & Oppenheim abandoned talks for a merger which would have created the world's sixth largest firm. Merger talks between Arthur Andersen and Price Waterhouse also appeared to be in difficulties. Page 24

EAGLE TRUST: Standard Chartered Bank issued a writ claiming £5.8m it says it is owed by John Ferriday, former chairman and chief executive, and Richard Smith, former managing director, of the UK mini-conglomerate being investigated by the Serious Fraud Office. Page 6

BANCA Nazionale del Lavoro, Italian bank at the centre of an international scandal over \$30m (£19m) of unauthorised Iraqi export loan commitments, suspended half of the 16-member staff at its Atlanta, Georgia, branch as a result of the affair. Page 2

LILLEY, construction group, failed in its long-running battle to take over fellow contractor Tilbury, with 48.8 per cent of its target. Page 6

FILIFAX, UK personal organiser company, is to launch its first advertising campaign to try to shake off its "yuppie" image, following an interim pre-tax loss of £354,000, compared with profits last time of £371,000. Page 8

10 bandsmen killed and 22 injured at barracks • IRA claims responsibility

Bomb raises questions on MoD using private guards

By Richard Evans

THE MURDER by the IRA of 10 young bandsmen at a Royal Marine barracks in Kent early yesterday has led to widespread calls for an inquiry into the way "soft" military targets are protected from terrorist attack.

The bomb ripped apart a three-storey recreation centre at the Royal Marine School of Music near Deal, killing 10 and injuring 22, with two still missing. Nine of the dead were military personnel and one had not been identified last night.

Nineteen of the injured were detained in local hospitals. As the victims, mostly aged 17 and 18, lay in the debris being dug out by colleagues and firemen, the IRA claimed responsibility for the blast.

Relations have been particularly strained by the disclosure that security documents relating to IRA suspects have been leaked to Protestant paramilitary groups.

But the immediate concern yesterday was to discover how the bombing occurred and how effective security is at similar soft military targets. The Ministry of Defence promised an immediate inquiry.

Attention is certain to focus on the disclosure that security at the Deal barracks was the responsibility of Bellanca Security, a Croydon-based company that has had the Ministry of Defence contract at the Royal Marine barracks since January last year.

Mr Tom King, the Defence Secretary, who went to the scene, said security was constantly kept under review but he refused to comment on the continued on Page 24.

Calculating that yesterday's outrage could foreshadow a fresh campaign in Britain aimed at soft targets. The attack will mean heavily increased security alerts at the forthcoming party political conferences, particularly the Conservative conference at Blackpool in three weeks.

The bombing was universally condemned as an outrage by leading politicians from Ireland as well as the UK and it could have the effect of unifying the Dublin and London governments at a time of high tension.

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Tom King at the scene: full investigation will be held

Seaside town wakes up to horror

By Kevin Brown in Deal

AT FIRST SIGHT, none of the usual journalistic clichés seemed to fit in Deal yesterday. The Royal Marines barracks are a popular institution in this Victorian seaside town, but the only obvious sign that something awful had happened to them was the presence of journalists and camera crews and the blanket security that always appears too late.

Unlike Brighton. In 1984, when an IRA attempt to assassinate the Cabinet almost brought the town to a standstill, the people of Deal seemed to be going about their business almost oblivious of the drama in their midst.

Perhaps it was because the scene of the outrage was hidden from view, behind the high walls of the Royal Marines barracks, well away from the seafront and the rows of terraced houses behind it. But as the day wore on and the extent of the deaths and injuries filtered through temper rose.

In the Green Beret pub, next to the entrance to the Marines' South Barracks on Canada Road, they were discussing the awful injuries inflicted on men they knew - drinking companions and friends who would be spending weeks, perhaps months, in hospital.

Outside the small shops on The Strand, facing the fishing boats drawn up on the pebbly beach, a group of middle-aged women considered the motives of the man who did this. A former bandsman, a native of Deal, told how he had heard that a friend was among the dead. Another victim he knew only as "Tough". Continued on Page 24

Weekend FT



EAST MAKES GOOD IN THE WEST

Pater Riddell examines the growing influence of Asian-Americans on US society Page I

Finance

Finding a way around the regulations for personal equity plans Page III

Travel

Julia Berney on top of Australia; Nigel Spivey avoids the mud-wrestlers on Cortu; and Michael Wigan in the Andaman Islands Pages VII-VIII

Books

New novels from Martin Amis and Michael Frayn Pages XVI-XVII

Food and Wine

Lifting the lid on service charges Page XVIII

Arts

William Packer on Hogarth in Venice Page XX-XXI

US seeks review of IMF role before funding increase

By Peter Norman, Economics Correspondent, in Washington

THE US yesterday called for a re-examination of the role of the International Monetary Fund before agreement is reached on increasing its financial resources.

an average of the world's five leading currencies. The chief was briefing journalists ahead of today's meeting in Washington of finance ministers and central bank governors from the Group of Seven leading industrial countries and the formal opening on Tuesday of the IMF and World Bank annual meetings. He said the US did not expect a final decision on the quota issue at these meetings.

would like to see the IMF revert to its original function as a temporary provider of financing to countries in balance of payments difficulty. Over the past few years it had become too deeply involved with longer term issues of debt and development. According to the US, the World Bank is the better institution for dealing with the problems of the middle income debtor nations and the poorest countries.

The US's concern about the role of the Fund has mounted in line with the IMF's arrears. The Fund's recent annual report showed that 11 poor developing country members were more than six months in arrears with obligations to the IMF totalling 2.8bn Special Drawing Rights (\$2.21bn) at the end of April. The US Treasury official yesterday called for a "concrete plan" to solve the arrears problem. He suggested that this too

would have to be forthcoming before agreement on a quota increase. He said that the US recognised that the IMF would need a quota increase at some time. However, he pointed out that the Fund was extremely liquid compared with previous occasions when it has sought new resources from its members. Some non-US monetary officials speculated yesterday that continued on Page 24.

Boots share price hit by fears over heart drug development

By Maggie Urry

BOOTS, THE retail and industrial chemical yesterday suffered a fall in its stock market value of 230p after announcing that it might cancel the development of an important new drug.

Analysts had predicted that the drug could be worth £100m a year in profits for Boots in the latter half of the next decade. It was viewed as vital to the pharmaceutical division's growth in the 1990s.

The trials involved patients taking either Manoplax or a placebo with neither patients or doctors knowing which - and then measuring the increase in the amount of exercise the patient could manage. Although the patients taking Manoplax did better than those on the placebo, the difference was not as large as expected, or as large as in earlier trials on a smaller number of patients.

Boots said it only received early results of the latest trial late on Wednesday. Sir James said the group decided yesterday that the information was share price sensitive and should be made public.

London Stock Exchange, Page 15; Lex, Page 24

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MARKETS

Table with market data including Sterling, Dollar, Gold, and Stock indices.

STOCK INDICES

Table with stock index data including FT-SE 100, FT Ordinary, FT-A All Share, and others.

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OVERSEAS NEWS

Rebellion charge brings Bhutto's Punjab problem to a head

Relations between the central and provincial administrations have taken a bizarre twist, Christina Lamb writes

IN A bizarre twist in the uneasy relations between Pakistan's federal and provincial governments...

which he has now ruled for four years. Unable to develop a working relationship...

stealing electricity, and obtaining loans by false means, and an investigation is under way.

warrant against Mr Mukhtar Awan, the Manpower Minister in a murder case...

With the arrest of the FIA officials and an Interior Ministry investigation into 'Punjab's revolt'...

According to an Interior Ministry statement, the FIA had been investigating allegations of excise evasion amounting to millions of rupees.

Iraqi alert after bomb attacks on foreigners

By Victor Mallet TWENTY-FIVE people were injured in a grenade attack on an expatriate club in Baghdad this week...

BNL suspends more staff over Iraqi loans scandal

By Alan Friedman in Milan

BANCA Nazionale del Lavoro (BNL), the leading Italian bank that is at the centre of an international scandal over \$2bn of unauthorised Iraqi export loan commitments...

Some Atlanta staff are understood to have had dealings with a senior official of the Iraqi Ministry of Industry and Military Production...

Even before the Iraqi scandal broke BNL's capital of L4,500bn was considered inadequate. The bulk of the fresh funds - some L1,600bn - are to come from the Istituto Nazionale della Assicurazioni (INA)...

Hugo lashes Charleston at 135mph

By David Waller

HURRICANE Hugo tore through Charleston, South Carolina, with 135-mph winds yesterday, ripping apart century-old buildings and sending a wall of water surging through city streets...



A sailing boat sits in a street in Charleston, South Carolina, after being washed ashore by Hurricane Hugo. The 135mph winds sent a wall of water surging through city streets

Insurance claims 'can be met'

By David Waller

INSURANCE companies in the US and UK yesterday complained about the paucity of information emerging from the hurricane-affected parts of the Caribbean and the US.

Stockbrokers' estimates suggested that General Accident would face pay-outs of \$30m on the basis of damage in the Caribbean alone, while Commercial Union's losses would be limited to \$4m.

Lloyd's of London, whose members underwrite a significant proportion of disaster insurance, said it was too early to assess the impact on names or whether this disaster would in fact be good news for the insurance industry by taking up excess capacity and subsequently driving up premiums.

Optimism at US-Soviet talks

By Lionel Barber in Jackson Hole, Wyoming

THE United States and the Soviet Union yesterday opened high-level talks here amid optimism on both sides that the foundation can be laid for an early summit meeting between President George Bush and President Mikhail Gorbachev.

Mr Shevardnadze, in his response, said: 'I would especially like to emphasise it is high time for us to move from mutual understanding to mutual action.'

Residents and emergency workers huddled in terror, while police warned motorists off the streets. Ambulances were unable to answer emergency calls because of fallen trees across the roads and several had to wait until police with chainsaws cleared a passage.

Bitter struggle likely on Soviet legislation

By John Lloyd in Moscow

A RAFT of radical economic legislation is expected to be passed by the Supreme Soviet, which goes into formal session on Monday, but it will be the subject of an increasingly bitter left-right struggle.

Mr Alexeyev said that the property law would operate in the context of a 'collective system' in which the major economic assets would be held by the state.

THE chief executive of Sweden's largest commercial bank, Skandinaviska Enskilda Banken, Mr Jacob Palmstierna, is being investigated by the tax authorities. No charges have been made against Mr Palmstierna, who took over the top post at SEB only last April.

E German opposition refuses to be deterred

By Leslia Collett in East Berlin

ORGANISERS of East Germany's first country-wide opposition movement, New Forum, said they would not be deterred by an Interior Ministry statement condemning it as 'subversive'.

Ms Bärbel Bohley, another founding member of New Forum, said the fact that the Ministry published its decision without informing those affected, showed 'how the GDR deals with its citizens'.

attempts at democratisation being criminalised or ignored' by the authorities. The East German writers' union called for a 'democratic dialogue and a correction' in the Party's policies.

Mr Klaus Hopcke, East Germany's deputy Minister of Culture, earlier called on senior officials to stop 'leading people by the nose and patronising them'.

Firm Thatcher steeled for Moscow talks

By Philip Stephens, Political Editor

MRS Margaret Thatcher arrives in Moscow today ready to tell President Mikhail Gorbachev that, while his policies of perestroika and glasnost are welcome, they have not persuaded her that the major differences between East and West have been resolved.

At the end of her four-day visit to Tokyo, Mrs Thatcher told representatives of other Western centre-right parties that even if communism seemed in terminal decline, 'we cannot overlook the fact that the communist states still control immensely powerful military forces'.

THE chief executive of South Africa's anti-apartheid defiance campaign brought thousands of blacks into the streets again yesterday, as police raided the offices of black unions which launched the nationwide consumer boycott and overtime ban.

Top Swedish banker faces tax inquiry

By Robert Taylor in Stockholm

THE chief executive of Sweden's largest commercial bank, Skandinaviska Enskilda Banken, Mr Jacob Palmstierna, is being investigated by the tax authorities. No charges have been made against Mr Palmstierna, who took over the top post at SEB only last April.

Blacks take to streets in defiance campaign

By Patti Waldmeir in Durban

SOUTH Africa's anti-apartheid defiance campaign brought thousands of blacks into the streets again yesterday, as police raided the offices of black unions which launched the nationwide consumer boycott and overtime ban.

Maekawa dies at 78

By Patti Waldmeir in Durban

Mr Haruo Maekawa, author of an influential report which proposed radical reforms to improve the everyday lives of Japanese in the 1960s, died yesterday aged 78.

Taiwan offers refuge

By Patti Waldmeir in Durban

Taiwan plans to admit as permanent residents more than 60 exiled student leaders from China, who are stranded in Hong Kong and elsewhere, John Elliott reports from Taipei. This controversial step is bound to provoke an angry reaction from Peking.

Environment worry

By Patti Waldmeir in Durban

Commonwealth Finance Ministers ended their annual meeting expressing concern that international pre-occupation with the environment risked imposing unduly heavy burdens on developing countries. Stephen Diller reports from Kingston.

Minister resigns

By Patti Waldmeir in Durban

The Colombian Justice Minister, Mrs Monica de Greiff, has resigned after three months of defying death threats from drug barons, sources said, AP reports from Bogota.

Strike breakthrough

By Patti Waldmeir in Durban

The three-week strike at Peugeot, the French car maker, yesterday showed the first signs of ending, William Dawkins reports from Paris.

Threat to Saudis

By Patti Waldmeir in Durban

Lebanon's pro-Iranian Hizbollah yesterday threatened vengeance against Saudi Arabia for executing 16 Kuwaiti Shia Muslims convicted of bombings in the kingdom, Reuters reports from Beirut.

Peres Moscow trip

By Patti Waldmeir in Durban

Mr Shimon Peres, the Israeli Finance Minister, said yesterday he had been invited to visit the Soviet Union in the latest move towards the re-building of ties with the East.

Taiwan offers refuge

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THE BOMBING AT DEAL

Mainland attacks ensure IRA's cause remains in the centre stage

By Kieran Cooke

THERE WAS something horribly inevitable about yesterday's bomb attack in Kent, the IRA's most spectacular terrorist strike on mainland Britain since the Brighton hotel bombing in 1984.

The IRA has been going through tough times lately. Last month was the 20th anniversary of British troops in Northern Ireland. An upsurge in IRA activity had been written since then. Many thought the IRA, acutely aware of the presence of the world media in Northern Ireland, would launch a bombing campaign or try to pull off some spectacular attack, such as the shooting down of military helicopters with newly acquired Libyan missiles.

In the event "the big one" did not happen. This year it has been unusually peaceful in Northern Ireland.

The IRA was said to be demoralised, its more experienced operatives tracked down by increasingly effective security intelligence, its depleted ranks split between those who favour a more political approach to "the struggle" through Sinn Féin, the IRA political wing, and those who want an escalation in the campaign of violence.

But the IRA has always been at its most lethal during such times. Yesterday was its answer to those foolish enough to have written it off.

The IRA makes no apologies for hitting so-called soft military targets. After several bungled bombing attempts in which civilians were killed, the IRA recently said it was "refining" its campaign, concentrating almost exclusively on military targets, or in its language, "on the forces of the Crown."

However, within that strategy, the IRA has made it clear that military just does not mean those in uniform. It means anyone connected with the military, whether they be bandmen or soldiers' wives and their families.

The strategy was made clear recently by Mr Danny Morrison, Sinn Féin's publicity director. "It is very difficult, if you are an IRA volunteer, to attack those people when they are in full uniform, in flak jackets or in jeeps or on



Firemen and rescue workers use earth moving equipment to search the wreckage

patrol with 50 of their mistes - so the IRA ends up attacking them when they are out of uniform and then of course they are criticised for being cowardly... It is all propaganda."

Moreover, the IRA has realised that the propaganda impact of attacks on security forces and personnel on mainland Britain or in Europe are far greater than similar attacks within Northern Ireland.

A soldier killed on patrol in West Belfast is unfortunately an almost routine affair, making little impact outside Northern Ireland.

The IRA would seem to have a macabre predilection for attacking military bandmen, perhaps because they present such soft targets, involved as they are in prolonged periods of public exposure.

In July 1982 the IRA bombed bandmen in London's Regent's Park. Last year the IRA, in one of its most daring and far-reaching exploits so far, was foiled in its preparations for an attack on a military band in Gibraltar.

The question whether or not yesterday's attack marks the start of a new IRA campaign on mainland Britain is hardly relevant. The IRA would say

its grim campaign is ongoing, and will continue until the last British soldier leaves Ulster. But a sustained and co-ordinated spate of bomb attacks similar to those on the mainland in the 1970s and early 1980s is unlikely.

There is no doubt that the IRA has been hurt by the arrests of some of its most experienced operatives and by vastly improved intelligence operations involving the security and police forces in Northern Ireland, the Irish Republic, Britain and on the Continent.

In the past three years many reaching the hard core at the heart of some of the IRA's most bloody operations have themselves been killed. While the IRA has a vast quantity of armaments, including considerable amounts of the easily transported and concealed Semtex explosive, security forces believe the IRA has only a handful of truly experienced and hardened operatives capable of carrying out such attacks as yesterday's.

These "active service units" are organised on a cellular basis and work independently of each other, almost all such people are on security forces records, are from both sides of

the border and likely, to reveal themselves.

But the IRA has succeeded in once again making front page news around the world. There is an added political dimension to yesterday's attack. Over the past two weeks the administration in Northern Ireland, Westminster and the Irish authorities have been involved in an increasingly bitter row over the leaking of security forces documents on alleged IRA terrorist suspects to loyalist paramilitaries.

The Irish Government, through the Anglo-Irish Agreement, sees itself as a defender of nationalist rights and aspirations in Northern Ireland. It wishes to be seen to be at the forefront of change and reform in the province.

The IRA has always said that it alone, through what Mr Gerry Adams, Sinn Féin's president, calls "the cutting edge" of violence, can effect any meaningful change in Northern Ireland. The shouting between Dublin and London is now likely to fade away in the wake of this latest atrocity. Once more the IRA has, through its lethal means, stolen the centre stage.

Terrorist attacks in mainland Britain

- February 1989: Attempted attack by two men on Tern Hill Barracks, Shropshire. Prevented by sentry.
- August 1988: Soldier killed, nine injured in bomb at Inglis Barracks, Mill Hill, London.
- November 1988: Two bombs defused outside Chelsea Barracks, London.
- October 1984: Bombing of the Grand Hotel, Brighton, during Tory party conference. Six killed, 30 injured.
- December 1983: Bomb at Harrods, six killed and 94 injured.
- July 1982: Car bomb in Hyde Park, London, killed four men in Household Cavalry. On the same day, seven Royal Green Jackets bandmen killed by a bomb under a bandstand in Regent's Park, London.
- November 1981: Pistol booby-trap outside Woolwich Barracks injured two women.
- October 1981: Nail-bomb outside Chelsea Barracks killed two people and injured 40.
- Another in Oxford Street killed bomb disposal expert.
- March 1978: Airey Neave, Tory Shadow Secretary for Northern Ireland murdered.
- August 1976 to March 1978: Sustained campaign, including bomb at London Hilton (two killed, 68 injured); car bomb outside Mayfair restaurant (two killed, 28 injured); Ross McWhirter murdered.
- February 1974: M62 bomb near Bradford, 11 people dead.
- July 1974: Bombs in Manchester, Birmingham and Tower of London, one killed and 41 injured.
- October 1974: Bomb attacks on two pubs in Guildford killed five people and injured 70.
- November 1974: Bombs in two pubs in Birmingham killed 19. Bomb opposite Woolwich Barracks, two killed.
- December 1974: Bomb in London, one killed, five injured.
- March 1973: Bombs at Great Scotland Yard and Old Bailey, one killed, 228 injured.
- August 1973: Bomb disposal expert killed by bomb in Birmingham.
- February 1972: Car bomb outside Parachute Regiment officers' mess, Aldershot, killed five civilian women workers and two men, one a Roman Catholic army chaplain.

Mayhem and destruction after blast at rest room

Financial Times Reporters

THE EXPLOSION in Deal destroyed the rest room at the Royal Marines' School of Music just after one of the bands had stopped playing on the parade ground.

Mr Fred Verge, aged 70, who lives near the base, said the band had struck up at 8am, as it did every morning. The musicians stopped playing and about a minute later he looked across and saw "a big flash", he said.

"At first I thought it was lightning. Then there was an almighty bang. I looked out and saw dense smoke and I said, 'It's a bomb'."

Colour Sergeant John O'Neill, 38, orchestra leader for the Marines, survived the blast and was treated for leg, eye and hearing injuries at Deal hospital. He said: "It was a split-second thing. It just happened in a matter of seconds. One second I was expecting to say something to somebody. The next I was trapped by rubble."

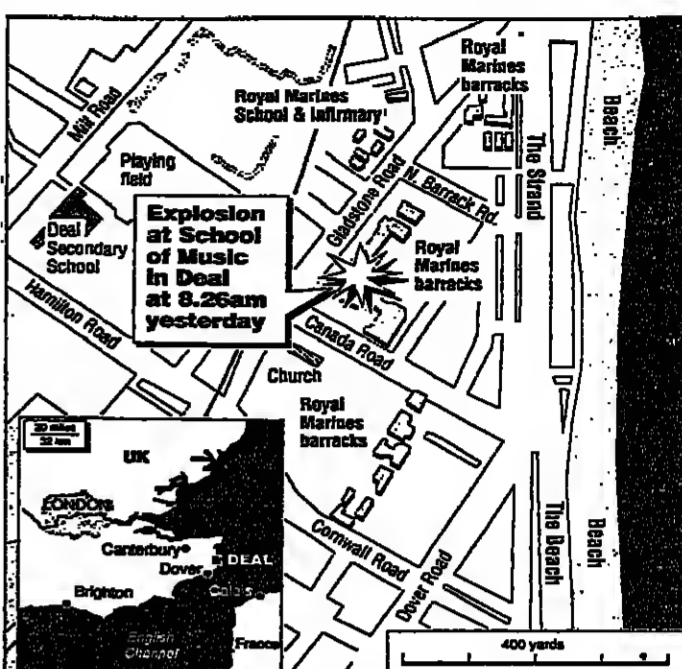
Dozens of civilian homes nearby were badly damaged and heavy lifting gear was brought in to clear the debris. Thermal imaging cameras and heat-detecting equipment were used to locate trapped victims of the blast. Ten heavy cranes from the nearby channel tunnel workings were brought in to help lift the wreckage.

Rescue workers dug with their hands to help the injured trapped in rubble. The most seriously hurt were taken to Kent and Canterbury Hospital. Ambulance crews lifted their overtime ban indefinitely as off-duty staff rushed to help with the rescue work.

Dr Adam Stacey-Clear, Kent and Canterbury Hospital surgical registrar who was among the first to arrive, said: "There was a lot of emotion. There were plenty of pairs of hands removing the rubble but it was a very emotional atmosphere."

"The first thing that struck me was the smell of cordite. There was mayhem, rubble and destruction. There was a great deal of activity with firemen, policemen and military personnel everywhere. We did what we could, putting on drips and giving pain-killing injections."

Police, firemen and Marines helping to rescue survivors



and search for the dead were told to beware of possible secondary devices which could have been planted by the terrorists. Marines from the nearby south barracks came to help in the rescue operation.

Kent and Canterbury Hospital management said: "The emergency procedure went extremely smoothly. We had rehearsed it frequently and were able to respond readily. We had extra blood and extra medical supplies as well as additional staff," he said.

Medical staff from the Blond McIndoe Burns Centre at the Queen Victoria Hospital in East Grinstead, the regional unit for the Deal area, visited victims at the Dover and Canterbury hospitals.

Doctors appealed to Kent people through local radio stations to donate blood at special centres in Deal and Maidstone today, as blood and plasma kept in store for bomb victims was in short supply.

Fourteen of the injured were taken to the 45-bed cottage hospital in Deal, all but one suffering from cuts, bruises and shock. Four were taken to hospital in Canterbury for treatment of more serious injuries.

Betty Verge, 64, whose house in Campbell Road borders the barracks, said she was having breakfast when there was a flash and "the most dreadful bang".

"I thought a plane must have crashed. I looked out of the window and there was smoke everywhere."

A pensioner, Joan Betteridge, who lives in Canada Road, was shaking as she told how the blast brought down part of her kitchen ceiling as she prepared breakfast. "There was a terrific crash which reminded me of the Blitz," she said. "After that the ceiling started to fall down around me."

"I got straight out into my garden and immediately I saw a huge cloud of black smoke rising from the direction of the barracks."

Another witness, Dinah Bell, 63, told how she watched from her kitchen window as the roof of the recreation centre was lifted into the air by the force of the blast, leaving "absolute devastation". Mr Michael O'Grady, landlord of the marines' pub, the Green Bear, ran outside out after the explosion and looked for the rest room area. But "there was nothing left - it was just a pile of rubble." Army bases throughout Britain and Europe were put on red alert.

Barracks used private security company

By John Thornhill

RELIANCE SECURITY Group has worked at the Royal Marines barracks in Deal since January last year. The company, which employs over 3,000 people, yesterday refused to state whether it carried out other work for the Ministry of Defence.

The London-based group has more than 800 long-term security contracts throughout the UK, although it would not disclose how many of those were on military sites.

The ministry said that 21 military establishments in the UK, according to its latest figures, were guarded by private security companies.

They operate on bases regarded as low security risks, performing simple routine duties, such as staffing guard rooms, checking cars and personnel, searching buildings and making minor perimeter patrols. Such duties have occasionally been performed by the Royal British Legion.

The MoD said security was constantly under review, but that there would be a full-scale inquiry, which would include the use of private companies.

Private security was first used in this way by the MoD in 1978 and, since then, it has employed 17 separate companies to guard over 30 different bases. The MoD believes there are about 250 private security firms providing services to 1,000 military establishments where private security is used.

The ministry would not say why they were chosen in preference to military personnel, or whether it was part of a cost-saving exercise, but said any company used would have to meet stringent, constantly reviewed standards.

Reliance Security's 1989 annual report said it provided security services to 58 of The Times' top 100 UK companies. Customers include British Aerospace, British Coal and the Lord Chancellor's Office. Reliance also provides services for the Channel Tunnel, Warrington Runcom new town and London Docklands.

Founded by Mr Brian Kingham in 1973, it was floated on the Unlisted Securities Market in 1987, when it said it was one of the three largest specialist companies in its field. In 1988 it had a turnover of £34.1m.

Mr Peter Paice, Reliance managing director, said he could make no comment on security arrangements at the base, but added that he was utterly appalled and horrified.

Protection of soft targets 'impossible to guarantee'

By Richard Evans

THE APPARENT strategy of the IRA to attack "soft" military targets leaves security forces with an ultimately insoluble problem.

Defence chiefs acknowledge that while a limited number of obvious targets such as army camps and barracks, Royal Air Force bases and naval yards can be protected by a high degree of external security involving high walls, barbed wire and military guards, that is simply not possible on a wide scale.

There are thousands of organisations such as training and music schools, married quarters and other service-related establishments, where security cannot be as tight, other than for short periods.

The key question after the bombing at Deal is how far it is practicable to improve the protection from terrorists of the potential soft targets that have

some connection with the services but are not subject to tight military security.

A Defence Ministry spokesman said: "The whole question will clearly be looked at afresh, but it is difficult to see how security can be guaranteed everywhere. It must be more a question of a constant state of vigilance."

What was becoming more apparent was the need to emphasise constantly how important such vigilance was to the families and everyone else with any connection with the services.

There was immediate criticism yesterday of the standard of protection given to soft military targets in general, and to the Royal Marines School of Music in particular.

Residents living near the school claimed security was slack. "Anyone in Deal will tell you how easy it is to get into

the base. It has not been guarded by Marines for the past 18 months," said one local.

Widespread anxieties on the use of private security firms was expressed by politicians from all parties. Mr Paddy Ashdown, leader of the Social and Liberal Democrats, said he had asked the Government two years ago to review the use of private security firms for guarding military personnel and installations.

Mr Martin O'Neill, shadow defence secretary, said Labour had warned the Government on a number of occasions that its policy of increasingly using private security firms at MoD establishments was misguided.

"The Government can no longer continue to justify the policy of reducing the numbers of MoD police involved in safeguarding the lives of the armed forces and their families," he said.

Cope condemns 'savage' attack

By Our Belfast Correspondent

MR JOHN COPE, Northern Irish Security Minister, said that the bombing put into perspective recent "verbal attacks" against the security forces.

In a clear reference to recent allegations of alleged leaks from the security forces to loyalist paramilitary organisations, he said the timing of the attack, coming so soon after the verbal criticism of the security forces, emphasised how open they were to physical attack.

Mr Cope added: "What has happened today will renew our determination to fight terrorism from wherever it comes. The men of violence can and have today caused us pain and

grief, but they will not win or dictate to us."

The bombing was "savage and murderous" and anyone with goodwill in all communities would condemn it.

Mr Charles Haughey, the Republic of Ireland's Prime Minister, sent a personal message to Mrs Thatcher expressing his revulsion.

He said: "I strongly condemn the bomb attack on Deal Barracks in Kent which has caused severe and tragic loss of life and many injuries."

The Rev Ian Paisley, Democratic Unionist leader, said: "When will Mrs Thatcher wake up to see that the softly, softly approach of the Anglo-Irish Agreement is digging the

graves of members of the security forces and is supplying the needed oxygen to the terrorist campaign?"

The Rev William McCrea, the Democratic Unionist MP for Mid Ulster, said the IRA's claim of responsibility showed who were the real enemies in Ulster society.

Mr McCrea added: "No doubt the IRA were spurred on in their quest for blood by the support they have received from the SDLP and the southern government over the last two weeks."

It emerged yesterday that a Royal Marine band on tour in Northern Ireland would have known many of those killed in the Kent blast.

Unionists defend role of UDR

By Our Belfast Correspondent

BEFORE yesterday's bombing, Mr Ray Burke, the Irish republic's Justice Minister, had called into question the need for the Ulster Defence Regiment in the wake of the allegations that confidential documents had been leaked to Protestant paramilitaries.

Unionist politicians were incensed by Mr Burke's statement that it was up to the Government to justify the regiment's continued existence.

The Rev Ian Paisley, Democratic Unionist leader, accused Mr Burke of "bloated arrogance" and added "it is now clear that there has been an attempt to conceal from the people of Northern Ireland what did happen at the Conference."

He said Mr Burke had spelt it out in plain terms that they do not want just a disbandment, but the UDR's utter and total destruction, just as they wanted the destruction of the Ulster Special Constabulary.

The Northern Ireland Office said the republic's ministers had not called for UDR disbandment and Mr Peter Brooke, Northern Ireland Secretary, had told them there was "a continuing need for the major role played by the UDR within the security forces."

Mr Ken Maginnis, the Ulster Unionist security spokesman, said Mr Burke was issuing an invitation to vigilante groups to assume the protection of the community.

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FIMBRA

UK NEWS

Electricity price rises will 'harm environment work'

By Richard Evans

HIGH ELECTRICITY price rises for industry after privatisation could hinder its efforts to improve the environment.



John Banham: businesses may face 50 per cent rises but he feared this gap might widen even further after privatisation.

His forecast came at the launch of the CBI's action plan for a cleaner environment following the organisation's decision to take a high profile in promoting more consistent high standards and a better understanding in industry of environmental issues.

The programme will also research in detail measures to counter global warming, better waste management, improved recycling, and action against litter and graffiti.

Mr Robin Paul, chairman of the CBI's environment committee, said business had an environmental impact and its operations had to be managed to avoid unnecessary or irreversible damage.

The CBI believes there are major opportunities for improvement. Energy conservation could save £7bn a year, and improved waste management could help reduce the £5bn currently spent each year on waste disposal.

Consumer expenditure remains buoyant

By Patrick Harverton, Economics Staff

CONSUMER spending remained buoyant in the second quarter of this year according to Government figures released yesterday.

The Central Statistical Office said its average measure of Gross Domestic Product showed no increase between the second and first quarters of the year but was 2 per cent higher than in the April to June period of 1988.

It warned, however, that estimates of output were still being distorted by the net oil production which followed last year's accidents in North Sea oilfields.

US money to 'flood' into media in 1990s

By Raymond Snoddy

A LEADING US broadcaster forecast yesterday that the media industries of Europe, and Britain in particular, would be flooded by American money in the 1990s.

Mr J B Holston, vice president of NBC International, told the Royal Television Society's Cambridge convention that he was "unambiguously optimistic" about investment opportunities in European broadcasting.

Once the "rules of the game" for British broadcasting were clear - a reference to the Broadcasting Bill expected to be published in November - financial investors would flock to this sector, as they have to the US media business for the last 20 years.

Mr Holston said the way forward lay in partnerships between large European companies - such as Havas, Easchette, Bertelsmann, Carlton Communications and Pearson - as well as the UK's own satellite, Mr James Lee of the Boston consulting group, told the society.

He argued that by following such a strategy BSB - whose investors include Pearson - could win the satellite television market.

SNP targets Labour as its main opponent

By James Buxton, Scottish Correspondent

THE SCOTTISH National Party yesterday singled out Labour as the principal force preventing Scotland becoming independent and targeted the party as its main opponent at the next general election.

Mr Gordon Wilson, the SNP's leader, told the party annual conference in Dumoon, on the Firth of Clyde, that it would campaign at the next election on independence in the European Community.

He said this year's events, with the election of Poland's Solidarity prime minister, had boosted independence's cause. "We live in an era of nationalism, of countries moving towards democratic self-government. Scotland must be in the vanguard," he said.

Mr Wilson's rallying call came during a relatively low-key conference for the SNP. Last year its conference launched an offensive which included the Govan by-election, the campaign for non-payment of the poll tax, and the European elections.

A dramatic success over Labour at Govan last November pushed the SNP to about 30 per cent in opinion polls. But while the SNP vote rose sharply, the party did not defeat Labour at the Glasgow Central by-election in June and failed to win any new seats in Europe.



Gordon Wilson: "We live in an era of nationalism"

has always been a tougher target for the SNP. He said the Tories were "so under the thumb of Thatcher that they have lost their Scottish roots."

Coal chief warns of pit closures

By Maurice Samuelson

THE GOVERNMENT would be unable to privatise British Coal without long-term contracts between the pits and the privatised electricity industry, one of the corporation's directors said yesterday.

A fall in British Coal deliveries to power stations would also force the closure of some of the most efficient pits in Europe, containing sizable reserves, said Mr Malcolm Edwards, British Coal's commercial director.

His speech, to the Coalfield Communities Campaign at Newark, Nottinghamshire, reflected the corporation's mounting anxieties over its £3.3bn a year business with the electricity industry, which buys 77 per cent of British Coal's output.

days from today, there are no contracts for the continued supply of our coal, just an empty space," he said.

Calling for a portfolio of contracts ranging from five to 15 years, he said that without such contracts "it will be virtually impossible to privatise the British coal industry as the Government has declared it wishes to do if it is returned to power."

Long-term contracts would also make it easier to sell the 12 distribution companies which, because of delays in launching the private electricity market, were likely to be sold without any operational track record.

causing a hardening in world coal prices. Instead of reducing their coal bill, he said, increased imports could raise it by between £25m and £35m a year.

If more coal were imported, British Coal would reduce the volume of its cheaper deliveries to power stations by the same amount, Mr Edwards added.

A leading electricity official later termed Mr Edwards' threat "irrelevant" because it was based on a joint understanding between the two industries which will finish at the end of the year.

End of a City tradition

By Richard Waters

A PIECE of City tradition will end quietly next Friday when Sir Nigel Althaus, the Government Broker, retires.

His post - acting for the Commissioners for the Reduction of the National Debt in overseeing the operations of the gilt market - officially lives on, but Sir Nigel was the last private-sector incumbent, having been (like his predecessors) senior partner of stockbrokers Mullens.

The role underwent its biggest change at the time of Big Bang in 1986, when the ground rules of the Bank of England's relationship with the gilt market were changed. Since then, the Bank's direct involvement in the market has left little need for a broker. Sir Nigel himself moved into an office at the Bank in 1986, while Mullens was absorbed into Warburg, the securities firm.

His retirement marks the end of a line that stretches from 1796, when the first broker (from a firm later to become Mullens) was appointed to act for Pitt the Younger's newly-established Commissioners.

Sir Nigel is the first in living memory to have presided at a time when the national debt has been reduced - although the near-£200bn outstanding in 1989 is still some way above the £288m of 1796.

The new wearer of the Broker's top hat will be Mr Ian Flanagan, who will combine the role with his present job as head of the Bank's gilt-edged division.

Mr Gould said it should be made clear that Labour would not yield to pressure from the financial establishment to "deflate the economy so that working people are made to pay the price for a defensible mistake in economic policy."

Public schools still robust, but fearful of reforms

David Thomas listens to some anxieties from the independent sector over the national curriculum



Left, Eton College pupils in Windsor: a British tradition

A FOREIGN tourist wandering into the great Tom quad of Christ Church, Oxford on Wednesday evening would have stumbled upon an impressive sight.

There were assembled the massed ranks of headmasters from Britain's leading 230 public schools. The sight spoke volumes about the state of Britain's educational system.

The first thing a tourist might have noticed about this body of upright, dinner-jacketed men was the air of quiet satisfaction as they queued patiently for a reception hosted by Christ Church.

The 1980s have been kind to the independent sector: the share of pupils educated privately in Britain has increased from 5.8 to 7.1 per cent, as more middle class parents have fled the state system.

But on closer inspection, our tourist would have detected a frisson of concern running through the conversation of this august gathering. The heads are uncertain about the answer to the question which dominated this week's annual meeting of the Headmasters' Conference: how will the independent sector adapt to the Government's education reforms?

In particular, the public schools are worried about how to respond to the new national curriculum, which began to be introduced into state schools in England and Wales this month.

One option, in theory, is for the public schools to ignore the curriculum, since the Education Reform Act exempts them from its provisions. Indeed, one or two heads sipping their cherry in the still of Christ Church's library mused about devising an alternative curriculum, attuned to the needs of the public schools and embodying higher standards.

Yet, when pressed, the public schools readily acknowledge that this option is not a live one. Two different curricula existing side-by-side - one for state and the other for independent schools - would open up the independent sector to charges of confusing parents through an elitist refusal to adapt to the thrust of educational reform in the dominant state system.

Refused by the independent sector to teach the Government's national curriculum would also pose great problems for the many pupils who move between independent and state schools during the course of their schooling. Moreover, since the demands of the 16+ General Certificate of Secondary Education exam and of the national curriculum are to be merged for the 14-18 age group, public schools with their heavy commitment to exam success will have to take increasing note of the curriculum.

This realisation that their schools will have to adapt to the national curriculum gave special point to the worries raised by the heads in a debate with Mr Duncan Graham, who as chairman of the National Curriculum Council is charged

with overseeing its introduction. The original impetus behind the national curriculum was to ratchet up the standards of education of the bottom tranche of pupils in the worst performing state schools, nearly all of whom quit school with minimal qualifications at age 16. The leading public schools, by contrast, work on the assumption that most of their pupils will stay through to 18.

The point was put most forcefully by Mr James Sabben-Clare, headmaster of Winchester College, widely regarded as one of the country's top public schools. Stressing that his school catered for the top 10 per cent of the ability range, he told Mr Graham: "the demands which the universities make dictate our curriculum planning in ways that are inconsistent with the demands of the national curriculum."

Other public schools may have a wider ability range, but



James Sabben-Clare concerns about conflicting demands with overseeing its introduction.

many of them also see no point in externally validated tests for their pupils at 14 - one of the benchmark ages in the curriculum - when the bulk of their pupils are destined to stay on into the sixth form.

The heads also worry whether the national curriculum will become a straitjacket which will cramp some of the traditional strengths of the independent sector.

Many do not see how time will be left over for studies not included in the curriculum's compulsory 10 subjects, notably the classics and a second foreign language. Some believe the curriculum could herald the death of the separate disciplines of physics, chemistry and biology because of its insistence on the study of "general science" up to age 16.

Underlying many of these concerns is the belief that they will have to adopt a curriculum over which they have had virtually little influence.

In response, Mr Graham conceded that the curriculum planners still could not answer some of these concerns, particularly how the needs of the most able children would be met. The curriculum council has time to ponder most of these issues further, since the full curriculum will not be introduced until well into the 1990s.

By then, the great bulk of public schools will probably have dovetailed their teaching to the curriculum. The irony is that the public schools, the bastion of traditional academic values, might have to change their ways to fit in with a framework designed to root out academic under-achievement in a quite different segment of the market.

against the charge that it lacks experience in the complex banking issues dominating the final negotiations over the scheme, due to be introduced in October 1990.

However, the department finds itself in the unusual position of paying for the advisers to both sides in a commercial negotiation, since it is paying for advice from Price Waterhouse to the clearing banks as part of its agreement to fund the banks' start-up costs.

Price Waterhouse recently made a presentation on the scheme to a range of financial institutions, going beyond the clearing banks. Some building societies are now interested in the scheme, but the main participants are still likely to be the clearing banks.

A difficulty in agreeing the contract is how to specify the financial incentive which will govern the banks' debt collecting performance.

Another problem for the Government is that the collective banking agency which will administer the scheme may have to start work before the bill goes through parliament.

Price Waterhouse has drawn up a short list of potential sites for the headquarters of the loan agency, which is likely to employ up to 269 staff.

Gould warning to Labour over safety first approach

By Ivor Owen, Parliamentary Correspondent

LABOUR'S electoral prospects could be damaged if it adopts a safety first approach aimed at preserving its current lead in the opinion polls, Mr Bryan Gould, the shadow Trade and Industry Secretary, warned last night.

"We must offer more than a sanitised version of old policies if we want to be seen as truly facing the future," he said.

Mr Gould's speech will be seen as a defiant return to Mr Neil Kinnock, the Labour leader, who earlier in the week repudiated his recent suggestion that shareholders in the privatised utilities might not be paid dividends under a future Labour Government.

Mr Gould, who is anxious to retain his seat on Labour's national executive when voting takes place at its annual conference next month, maintained that the purpose of the party's policy review must be to provide "a keener cutting edge to our radicalism."

Labour now had the chance

of "relegating Thatcherism to the lumber-room of history" and should not be frightened of letting people see that what it was offering meant life would be "different and better."

Mr Gould said it should be made clear that Labour would not yield to pressure from the financial establishment to "deflate the economy so that working people are made to pay the price for a defensible mistake in economic policy."

Speaking at Pudsey, Yorkshire, yesterday, Mr Kenneth Baker, the Conservative Party chairman, said Labour's "age old hostility to investment and business" had not been changed by its policy review.

He said recent statements by Mr Gould had threatened the value of shares in denationalised industries. In a wide-ranging attack, Mr Baker insisted that a series of forced disclosures about the outcome of the review had revealed "the old hard line policies which so failed Britain in the past."

Advertisement for Wre Water Research, featuring a frog and the slogan 'WHEN IT COMES TO WATER, WE'RE IN OUR ELEMENT.'

Talks on student loan scheme near end

NEGOTIATIONS between the Government and banks over financial arrangements for the controversial student loans scheme have entered their final phase, signalled by the appointment of Pat Mackintosh as financial adviser to the Department of Education and Science, writes David Thomas.

The appointment, which has not been publicly announced, is designed to protect the Government against criticism when the student loans bill is introduced in the coming parliamentary session.

The Education Department realises it has to defend itself

against the charge that it lacks experience in the complex banking issues dominating the final negotiations over the scheme, due to be introduced in October 1990.

However, the department finds itself in the unusual position of paying for the advisers to both sides in a commercial negotiation, since it is paying for advice from Price Waterhouse to the clearing banks as part of its agreement to fund the banks' start-up costs.

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Advertisement for educational services including language courses, Benenden School, and Imperial Cancer Research Fund.

THE GREENS AT WOLVERHAMPTON

Porritt urges streamlining of party leadership system

CUMBERSOME conference procedures and the system of leadership by speakers and co-chairs need to be streamlined if the Green Party is to sell its message to voters, the party's Wolverhampton assembly was warned yesterday.

Jonathan Porritt, director of the Friends of the Earth, said the public needed to identify with articulate spokespeople if the Green Party was to get its policies understood.

Although he stopped short of calling for a single leader, Mr Porritt's comments struck at what many members believe is the heart of the Green Party's alternative approach.

Two of the three current co-chairs will stand down when the new council meets in October. Of the speakers, Mr David Icke, and Miss Sara Parkin, are likely to remain. Miss Jean Lambert is undecided and Mr David Spaven yesterday said he would stand down.

Green Party members are anxious to avoid charges of factionalism but the elections could highlight divisions between "realists" favouring a push for greater electoral success and "fundamentalists" wishing to preserve the spirit of Green Party philosophy.



Jonathan Porritt: calling for procedures to be simplified

ent policies to the public. Changes in its composition may affect the likelihood of substantial reform.

A SCHEME to carry out local energy audits so that householders and industrialists can switch to the most efficient and environmentally clean sources of power is likely to be set up by the Green Party.

Party drops targets for cutting the population

THE GREEN PARTY yesterday adopted a watered down version of its controversial policy for reducing population, which omitted all reference to target figures for cutting the population of Britain.

The party also denied that it was advocating that families should be limited to one child. An ambiguous sentence in the policy document referred to the need for an increase in the number of only children.

Mr Ben Fairweather, Newcastle-upon-Tyne, said that if targets were not reached an attempt might be made to achieve them by authoritarian methods.

Ambulance dispute set to spread after talks collapse

By Jimmy Burns, Labour Staff

THE AMBULANCE service pay dispute looks set to spread after talks between unions and health service chiefs broke down yesterday.

The Ambulance Service warns that delays in responses to 999 calls could intensify over the weekend because of shortages of available ambulances aggravated by the week-long overtime ban by 19,000 ambulance workers.

Mr Kenneth Clarke, the Health Secretary, last night accused the unions of intransigence and described the continuing action by the ambulance workers as "dangerous to patients."

UK NEWS - EMPLOYMENT

Strike ballot urged on Sunday post plan

By Jimmy Burns, Labour Staff

THE Union of Communication Workers, the postal workers' union, is coming under renewed pressure from left-wing shop stewards to call a strike ballot over plans to re-introduce Sunday collections from October.

Mr Alan Tuffin, the UCW's general secretary has so far resisted calling industrial action on the issue in spite of a collection of Sunday collections before they are extended to the rest of the UK.

The UCW leadership believes that the union should focus its efforts on securing a substantial pay claim on behalf of all 150,000 postal workers in Royal Mail Letters. It is thought that it would not oppose Sunday collections being carried out by volunteers.

Cooling off spells would 'aggravate strikes'

By John Gapper, Labour Correspondent

THE INTRODUCTION of "cooling-off" periods before industrial action is allowed in public services would only lead to longer, more carefully-planned strikes, according to a right-wing study group.

In a speech to be made today at the Conservative Trade Unionists conference, Mr Graham Mather, director general of the Institute of Economic Affairs, is expected to criticise the Government's ideas for cooling-off periods.

Mr Mather believes that cooling-off periods could lead to a repetition of the difficulties that followed the Industrial Relations Act, which had merged into an industrial and political disaster of the first order.

ICL workers in dispute over pay

By Jimmy Burns, Labour Staff

ABOUT 1,100 workers at the Kildgrova plant of ICL, the computer manufacturer, yesterday voted to take industrial action over a disputed performance-related pay award that the company has refused to improve.

ICL said the award was worth a minimum of 7 per cent to 90 per cent of the manual workers involved. The four unions representing the workers say that the award made in July was worth about 5 per cent.

A 24-hour strike may be held by members of the ASU engineering union and EETPU electricians' union on the issue, and an overtime ban is also being considered.

Two more training councils to be set up

By Jimmy Burns, Labour Staff

TWO NEW Training and Enterprise Councils covering Rotherham and Norfolk were announced yesterday by Mr Norman Fowler, Employment Secretary. The number of TECs which have been granted development funding is now 28.

The TECs are employed-led councils intended to deliver Government and other training programmes.

Scottish Greens go independent

THE SCOTTISH Green Party has declared its independence from the British Greens in a move expected to be followed by the Welsh and Northern Ireland branches of the party.

Call for audit into most efficient sources of power

A SCHEME to carry out local energy audits so that householders and industrialists can switch to the most efficient and environmentally clean sources of power is likely to be set up by the Green Party.

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MARKET STATISTICS

ECONOMIC DIARY table listing various economic events and dates from today to Friday.

EUROPEAN OPTIONS EXCHANGE table showing market data for various European indices and options.

FT-ACTUARIES SHARE INDICES

Table of FT-Actuaries Share Indices, including Equity Groups and Fixed Interest sections with various sub-sections and data points.

Advertisement for National Franchise Exhibition, featuring text about starting, expanding, or investing in a business, and contact information for the British Franchise Association.

BANK RETURN table showing banking department performance for Wednesday, September 20, 1989, with columns for liabilities, assets, and issue department.

FIXED INTEREST table showing average gross redemption yields for various fixed interest instruments, including British Government bonds and other securities.

Saturday September 23 1989

The risk of complacency

THE ANNUAL meetings of the IMF and World Bank two years ago were the high point for dreams of a more formal system of international economic co-ordination, built round tax-games for exchange rates. Those meetings were followed by a low point in practical international co-operation - the squabble between Mr James Baker, the US Treasury Secretary and Dr Karl Otto Föhl, president of the Bundesbank. When the stock market crashed and the dollar fell, it looked as though co-operation and the world economy were in equally parlous shape.

This is true no longer. The most important feature of the past two years has been sustained economic growth. In September 1987 the IMF forecast the growth of the gross national product of the industrial countries in 1988 at 2½ per cent, but it ended up at over 4 per cent. Last year it forecast 3½ per cent for 1988. This forecast also looks like turning out to be too low (though not by as much as the forecasts for 1988), while economic growth is now expected to be close to 3½ per cent next year as well.

Pivotal role

But other things have also turned out well. Inflation became a concern in the course of 1988, as growth far exceeded expectations. The US tightened first. The lead of Mr Alan Greenspan, chairman of the Federal Reserve, was followed by the Bundesbank and with greater reluctance by the Japanese. The pivotal role of the Bundesbank in the European Monetary System then ensured that its higher rates of interest were spread throughout Europe.

Informal exchange rate co-ordination played an important role in this process, with the strengthening dollar an indicator of the need for dearer money elsewhere. In effect, the US attempt to stabilise domestic inflation spread disinflation worldwide. Unfortunately, the US appears willing to accept inflation at the rather high rate of 4 per cent-5 per cent, which has caused a loss of confidence in the rate of inflation in the industrial countries as a whole. But at least inflation seems unlikely to go far above that level.

In addition, the trade deficit of the US continues to decline. While there is no comparable development in the case of West Germany, there has been a reduction in the Japanese trade and current account surpluses in recent months, though this was, admittedly, after increases in late 1988 and early 1989. For those who find the external "imbalances" a

great worry these developments should be consoling, especially because both the US current account deficit and the Japanese surplus are declining as shares of GNP.

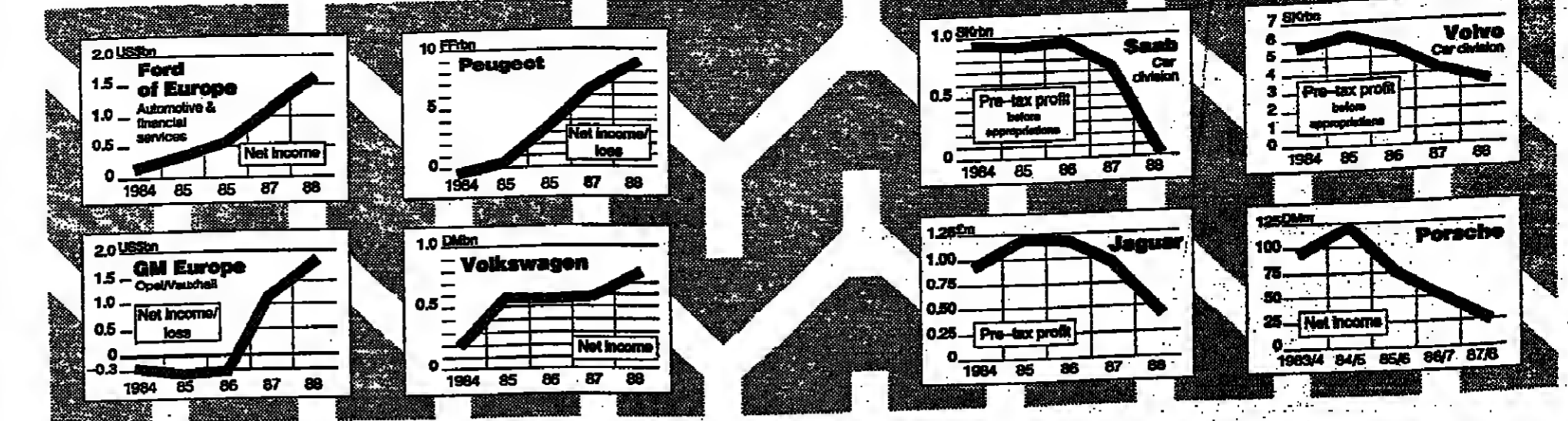
Stable picture

Finally, even exchange rate stabilisation has not been the failure one would sometimes suspect from the headlines. The dollar declined in 1987 and has tended to rise since then. The Bank of England's nominal effective exchange rate for the dollar at the time of the Loovre Accord of February 1987 was about 73, while it is back to 72 today. Over the same period the effective exchange rate for the yen has appreciated by 5 per cent, while that of the D-Mark has depreciated, by 6 per cent. Neither movement is large, though that of the D-Mark appears perverse (and mainly reflects its position within the European Monetary System). The overall picture is one of considerable stability.

The policy-makers of the main industrial countries have some reason to be complacent. It would be better to have an explicit system of exchange rate management, but the underlying economic and - far more important - political conditions for this do not exist. The major central banks must remain alert to the risks of inflation. They must also pay attention to what exchange rate movements are telling them about monetary policy. If they do so, macroeconomic conditions should not go too far astray.

Good performance in the core of the world economy does not mean that the policy-makers of the major industrial countries can now go to sleep. Still less should they focus their attention on the pecking order among the industrial countries within the IMF. They should, instead, pay rather closer attention to what is going on in the periphery. The World Bank and IMF have become transmission belts for advice and limited funds from the economies at the centre to those at the periphery, judged by results in this decade, they are not doing a satisfactory job.

The inability to find a satisfactory mechanism for dealing with the consequences of developing country indebtedness of the policy mistakes of the 1970s has been the chief failure of the 1980s. A major challenge for those meeting in Washington is to prevent the same failure poisoning the 1990s. It is partly by this criterion that the respective roles and resources of the World Bank and IMF must now be judged.



Five years ago, with the profit and loss accounts of the volume makers in Europe flashing with red ink, the specialist car makers seemed to have found the answer. Operating in more rarified volumes of the world market where volume pressures did not seem to count, reporting record profits. They were making windfall gains from an over-valued US dollar; their sales in the US market soared as European up-market cars became the status symbols of American luxury car buyers. And the promised introduction of flexible manufacturing systems, of computer aided design, manufacturing and engineering, appeared to offer much lower break-even points for profitable car making. Taken together, all this held out the hope that specialist car makers could survive and prosper as independent companies.

In 1984 - the year it was privatised - Jaguar, the UK luxury car maker, reported an after-tax profit of £57m on a production volume of 33,437 cars, while the Saab car division of Saab-Scania, the Swedish truck, car and aircraft maker, reported a profit (before appropriations and taxes) of SEK 935m (£93m at today's exchange rates) on a production volume of 102,000.

The French state-owned Renault group achieved a net loss of FF12.5bn (£1.2bn) on a production which included 1.64m cars in Europe, while General Motors combined European operations of Opel and Vauxhall made a net loss of \$291m (£194m) on a production including 1.15m cars. (The Renault and GM results include their European truck operations).

Times change. Last week Jaguar announced that it had collapsed into an operating loss in the first half of 1989. At the beginning of the month Saab-Scania was forced to disclose that its car division had run up losses of around SEK900m in the first six months. The big car companies have made a spectacular recovery. Renault transformed its net loss in 1984 into a net profit of FF7.8bn last year. GM Europe, now shorn of its loss-making Bedford UK truck operations, made a net profit of \$1.8bn last year from its European car (Opel/Vauxhall) and components operations compared with a loss of \$261m five years ago.

As Ford's intention to take a 15 per cent stake in Jaguar with a view to ultimate control, and Saab's search for a saviour partner indicate, the specialist companies' independent future is gravely in doubt.

Already, in the last five years, most of the small and medium European producers have been taken over by the volume car makers. In the UK Ford has acquired control of Aston Martin, with a 75 per cent stake, and Lotus has fallen to General Motors. In Italy Chrysler has snapped up Lancia and Ferrari is now firmly part of the Fiat stable (a 90 per cent

holding). A lack of volume and inability to compete with the companies like BMW took the loss-making Alfa Romeo into the clutches of Fiat. In the UK, Rover's inability to stand alone has been illustrated not only by its acquisition by British Aerospace, but also, more strikingly, by the decision to sell a 20 per cent stake in the Rover vehicle operations to Honda of Japan.

Why have the specialist car makers' hopes of finding survival in new more flexible production techniques apparently been dashed? These techniques have certainly helped niche car makers. But they have helped the volume producers even more, stacking the deck even further in their favour. For these reasons:

● Flexibility helps the big more than the small. Mr Lindsey Halsted, chairman of Ford of Europe and the man cited as leading Ford's attempt to gain ultimate control of Jaguar, says that automated, flexible production techniques "allow for more flexibility in producing a wide variety of models, so they are more valuable to a large car maker."

● Even these techniques will not make a 100,000 cars-a-year producer as efficient as a 1m units a year manufacturer. The more variations of basic body design on a single model, or variations on a basic engine block a producer can send through a flexible line, the more potential benefits that car maker gets. Vehicle builders with one or two models with perhaps only two engine variations cannot achieve the same benefits.

● Flexibility is not yet complete. Systems are generally not sophisticated enough to cope with complete changes to model or engine design. A lot of equipment, certainly costing tens and perhaps hundreds of millions of pounds might still have to be changed as a result.

● The speed of model changes has accelerated. "However you look at manufacturing you still have a big front end cost," says Mr Colin Davis, marketing manager at John Brown Automation. "A new product needs a concept and it needs design development. All this has to be written off

during the life of the product. The write-down is obviously easier for big volume producers."

Another machine supplier says: "That's a problem for Jaguar. BMW has achieved sizeable volume in its quality niche, Jaguar does not have that."

● Car companies have realised that they have to develop a complete concept for automating a plant. If you do not have such a blueprint, a car maker will end up inefficiently producing in one area, then running into a bottleneck at another, creating high buffer stocks of components.

Equipment makers say that the larger producers understood this much earlier than the smaller companies and, in most cases, had the

required engineering skills, or the money to buy those skills. "Most small volume volume makers are improving in this field now," says one equipment supplier. "I give Jaguar credit for developing this coherent approach but a few years ago they were just looking at islands of automation. It looked at where its heaviest costs were and said, okay, let's automate that. That is not the best way of going about it."

Jaguar has certainly been investing heavily. Last year it opened a £55m engineering centre and this year has completed the spending of £90m on new automatic body assembly facilities.

It has had to catch up on the omissions of the past. Sir John Egan, Jaguar chairman and chief executive, maintains that in 1984 the average age of Jaguar's machine tools was 25 years. In an audit it found a lathe still working dating from 1895 with a refurbishment slip from 1920. The next big project must be the renewal

of the final assembly operations, probably in conjunction with the launch of the much heralded new sports car, the so-called F-Type, due for launch around the end of 1993.

● Automating factories has not proved easy. Every company has run into trouble, some of it costly. The new generation SI launched earlier this year is its first all-new sports car in 16 years - but "from now on we shall be bringing out a new vehicle every year," says Mr Jürgen Hubbert, director of the Mercedes-Benz car division. "This will mean a product life cycle of the order of seven to nine years."

In contrast to almost all its rivals, BMW has been able to continue increasing its production volumes this year to more than 500,000 - and has compensated for weakness of sales in the US with gains in West Europe. Unlike Mercedes-Benz it is on the crest of its model cycle, and has been boosted by the success of two powerful new-generation model ranges launched in the last three years. It has built a strong image as a maker of sporty, exclusive cars, and the glamour rubs off on its ageing series of smaller cars, the 3-series, which provides the lion's share of BMW volume.

As the competitive pressures grow, a specialist car maker needs steadfast shareholders and deep pockets to stay in the race. Daimler-Benz is backed by its major shareholder Deutsche Bank, West Germany's biggest bank. BMW is in the hands of the Quandt family, while Porsche has the majority backing of the Porsche and Pech families. Renault has the French state, Peugeot still has the Peugeot family, and Fiat has the Agnelli family. Volvo has built a series of interlocking shareholdings for protection, while Ford still has the large minority voting stake of the Ford family.

By comparison, Jaguar - with nothing more as protection than the Government golden share, which expires in 15 months' time - looks vulnerable. The Jaguar board said bravely yesterday that it was determined "to continue to pursue plans that would preserve" its independence, but the odds against such a future look overwhelming.

Additional research by John Grief-fiks.

Kevin Done and Nick Garnett on the problems of small car companies Being special is not enough

Even the new techniques will not make a 100,000 cars-a-year producer as efficient as one making 1m units a year

Even the new techniques will not make a 100,000 cars-a-year producer as efficient as one making 1m units a year

West Germany's chief executives can be crudely divided into two personality types. There are the large men with booming voices and immobile, alabaster, faces who enjoy the trappings of power and dominate their fellow managers through force of personality. And there are the others, unassuming in appearance and modest in taste who command the respect of their fellows through an awe-inspiring appetite for hard work and disconcerting attention to detail.

Werner Dieter, boss of the diversified steel and engineering group Mannesmann, which has just taken a 5 per cent stake in Britain's TI Group, is a classic representative of the second group. He is a slight man with a monastic aura who never takes on the Japanese claim to have no outside interests aside from collecting modern art.

He was born 60 years ago today in Stuttgart but his roots for the last 30 years have been sunk further east, at the river Main in Bavaria, where he still retires at weekends. It was there as head of research and then chief executive of the hydraulics group Rexroth that he learned about combining product development and marketing, and about what drives people in successful small businesses.

Since 1985, when he was the surprise choice to replace Mr Franz Josef Weisweiler at the top of Mannesmann, he has been trying to apply those lessons to a heavy industrial conglomerate which, despite pioneering the diversification trend of the Ruhr giants, had remained dogged by its steel heritage.

Mr Dieter has given the Mannesmann diversification a decisive new push and in doing so has won the respect of many of Germany's other leading businessmen, an increasing number of whom are now also running conglomerates.

MAN IN THE NEWS

Werner Dieter

An austere helmsman of a clean German machine

By David Goodhart



TI are still unusual in Germany. Another example of Mr Dieter's decisiveness is the company's struggle to detach itself further from steel tubes.

Despite embarking on its diversification in 1988 the proportion of steel and steel tube in the company's sales had only fallen from 46 per cent to 34 per cent by 1985.

That was because in 1970 Mannesmann swapped most of its flat steel business for Thyssen's tube business. Mannesmann also kept some flat steel capacity to supply its own tubes business but as part of the Thyssen deal it could not sell it on the open market.

As the company gradually rationalised tubes it found it had far too much flat steel capacity which, in bad years, compounded losses on the tubes. Soon after Mr Dieter took over he decided to hasten the tube rationalisation and fired 6,500 workers. About half

of the DM1bn losses that the steel tube business recorded in 1986 and 1987 stemmed from the "social plans" for the sacked workers.

That meant the company's raw steel capacity of 3.6m tonnes a year was now becoming a serious liability. But some lateral thinking from Mr Dieter last year appears to have solved the problem. He suggested to Krupp that they pool raw steel capacity at a plant just over the river from Krupp's Rheinfelden works.

That plant has 4m tonnes a year capacity so Mannesmann from next year will carry only 2m tonnes capacity.

Mr Dieter has won much praise for these two steps, particularly as Mannesmann still operates the stricter form of the co-determination system, reserved for steel and coal companies, which effectively gives worker representatives a veto over closures.

develop new products such as the revolutionary turbo-drive with which Mr Dieter was intimately involved and intended to internationalise the company. The Mannesmann-Rexroth relationship has remained a model for subsequent Mannesmann takeovers of small firms.

Demag is more cyclical than Rexroth but is another world leader and currently - like steel tubes themselves - is becoming involved in the company. The Mannesmann-Rexroth relationship has remained a model for subsequent Mannesmann takeovers of small firms.

Further moves into car parts, electronics, and information processing, are less unquantifiable. Bertalan & Braun in production control systems has performed well since it was bought in 1981, but Kienzle, the data processing group bought in the same year, is suffering from price competition and lack of size. Fichtel & Sachs, the car parts group bought in 1987, may eventually prove its worth but was expensive.

Foreign critics say that Mannesmann's earnings remain too cyclical and, despite the current profit boom, too low. Typically for a Germany company Mannesmann has a pre-tax profit margin (excluding interest) of less than three per cent. Also typically it has only slightly internationalised production - about one-fifth of production is abroad compared with 63 per cent of sales. Mr Dieter has been promising to use the near DM3bn cash-pile for some big deals in the US.

None the less his success in nurturing "companies within the company" and his concern (perhaps stemming from his background in hydraulics) to ensure efficient information flows among managers within and between companies has created an efficient German machine, feared by competitors and respected by customers, across a growing number of industries and countries.

Today, Mr Dieter has allowed himself a day off with his old friends at Rexroth.

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It's 6.45 am and Mick Golding, a desk-bound ambulance worker at Deptford station in charge of overseeing operations is waiting to see how many of his colleagues will turn up.

He says: "I can tell how many people we're supposed to have working here. What we're going to have in the next few hours is another matter."

Britain's 19,000 ambulance workers have been staging an overtime ban for more than a week after rejecting the Government's 6.5 per cent pay offer. They want their claims for parity with firemen, an equivalent rise of 20 per cent to go to arbitration.

Deptford station, responsible for an eight-square-mile sector of south-east London from Crystal Palace to Tower Bridge, had been non-operational throughout the night. The overtime ban meant no cover for the two crews which should have operated the 11 pm-7 am night shift but did not because of sickness and holidays.

The day shift (7 am-7 pm) gets off to a shaky start. By 7.25, there should be three vehicles operational. There are enough ambulance workers for just two.

"I suppose they could ask me to be a 'weekender' for 44 years-old with 25 years' experience in the service. But then there would be no one to check the calls or rotas. I'd have to lock up and no one would be able to come in."

Jimmy Burns spends a day shift with disenchanted members of the ambulance service

Why their lot is not a happy one

time working effectively. The first call comes just before 8.00 am. It is taken up by the first ambulance crew composed of Julie Piescowska and Graham Watkins. Both share Derek's militant mood.

Julie is pale and drawn and looks much older than her 37 years. Before the dispute she was putting in an average of 39 hours overtime over her 38-hour week "to pay the mortgage."

Graham is bitter because, having volunteered to undergo extra cardiac and full paramedic training, he is paid no more than Julie in spite of his additional skills.

As qualified ambulance workers, they both get a basic wage of £10,093. Ambulance staff have been offered a 6.5 per cent rise, police officers have been awarded 9.25 per cent and better conditions. We set out in a five-year old vehicle. Its most modern piece of equipment was not provided by the ambulance service. It is a defibrillator bought as a result of a charity campaign conducted by Graham himself.

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refuses to co-operate in the presence of me.

By 9 am Julie and Graham are back at Deptford, and Derek is taking up the next call. A 90-year-old pensioner in a old people's home about a mile away has had a mild stroke. Derek and his colleague Ron leave without delay.

Julie and Graham receive their next call - a 20-year-old man who has had an epileptic seizure on the top of a bus.

There are times when a 999 call is passed on to us and it turns out to be someone with a cold or a rash. We're used as a taxi service by people who can't afford taxis - but there are bad ones, like the 12-year-old girl crushed against a bus stop.

By the time we get to the bus, the patient is crumpled in a seat and unable to move or speak coherently. Carefully, Julie and Graham strap him into a wheelchair, before carrying him down the narrow spiral stairs and out to the ambulance.

Back at the station again, Colin tries to finish a packed lunch he has brought with him. (The station does not have full canteen facilities). Derek and Ron are out on another call, when the phone rings. A road accident is reported.

For the first time this shift, Julie and Graham have to react to an emergency and speed through the streets of south London, blue lights flashing and sirens blaring, to where a motorcyclist lies prostrate on the ground, badly cut after being hit by a car.

The world chemicals business may be forced over the next decade to re-write many of its most basic operating procedures. In the process spending hundreds of millions of dollars on plant improvements and hiring armies of new engineers to carry out this work.

The sector is one of the world's biggest manufacturing industries with total annual output approaching \$1,000bn (£633bn). In the past two years, it has faced rising pressures to reduce its impact on the environment.

expected to devise tougher regulations in the 1990s.

Lack of space for disposal of solid wastes, together with increasingly onerous rules limiting gaseous and liquid emissions. These are forcing chemicals companies to look at a range of new technologies to cope with pollution.

ness itself - which includes corporations such as BASF, Bayer and Hoechst of West Germany, Du Pont and Dow of the US and Britain's Imperial Chemical Industries.

They point to the large sums the industry spends on environmental protection. An estimated 10 to 15 per cent of the industry's worldwide capital spending is devoted to a "war" on anti-pollution measures.

ing environmental regulations. It has not, they argue, come back to basics to "design out" pollution at the process design stage.

But many in the industry agree that new ways of dealing with environmental issues within the industry - through "waste reduction" rather than "waste management" - is the way to proceed in the 1990s.

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Managed trade flows

The answer lies in the need of the ruling vested interests to maintain to the public that the proper basis of economic organisation is one in which there is the minimum amount of government intervention. This helps justify a regime in which big business is free to invest, disinvest, fix prices and wages and transfer capital anywhere in the world without reference to the wider public interest.

Modern merchant adventurer

where near the North Pole (a popularly held notion) it is only three hours flight from London. I am sure that, both before and after 1959, an increasing number of corporate reshuffles will take place within and beyond the European Community.

Cheaper on the pond

that the Far East Freight Conference (FEFC) fixes all freight rates between Japan and Europe. In fact, the shipping lines belonging to the FEFC are widely estimated to have a market share of about 50 per cent. The other 50 per cent is carried by non-conference shipping lines which can (and do) charge what they like.

Norway's OK

he did not do his homework properly before he went? My family and I have just returned from a most enjoyable two weeks there and are eager to return. His article does not do justice to the country.

Mortgage interest

With earnings rising more rapidly than the rate of inflation, and home prices falling across the whole country, is this not the best time for years for the UK Government to finally and conclusively reiterate its belief in the market?

A better idea

What is there to stop such an action, other than the political dogmatism of elderly leaders and the rather obvious fact that the Government actually doesn't believe in market forces? It simply parades the words as a slogan and justification for carrying out political acts.

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UK COMPANY NEWS

Lilley fails to win Tilbury with 48.84%

By Nikki Tait
TILBURY, the construction group, yesterday emerged from the long-running bid...

Bank issues writ over Eagle loans

By Richard Tomkins and Philip Coggan

STANDARD CHARTERED Bank has issued a writ claiming the £5.83m it says it is owed by Mr John Ferriday...

considering his position yesterday. The writ from Standard Chartered, which was issued on September 4...

Ferriday and Mr Smith opened a separate interest account and also borrowed a sum of Ptas5.4m (2274,000) which took them over the capital account limit.

dent shareholders, led by Mr David Pine, a Manchester solicitor, welcomed the banks' intervention in asking Mr Stockdale to resign.

Filofax plunges into the red and moves to shake off yuppie image

By Christopher Parkes, Consumer Industries Editor

DOWNWARD sales among upwardly mobile Britons have driven Filofax into heavy interim losses...



David Collis (left), chairman of Filofax, with his managing and finance directors, Ray Rankmore and Gordon Welby.

The yuppie image has done us a lot of harm, Mr Collis claimed. It was particularly offensive to traditional customers among the clergy, army officers and businessmen.

The professional organiser for the office world is being promoted among the business community. The firm slump in turnover was due to the poor state of the British market...

think they will be at the end of the year, Mr Collis said. The poor start to the current period led to a loss per share of 3.6p compared with earnings last time of 2.5p.

Charles Barker restructures interests

By Nikki Tait

CHARLES BARKER, the agency group, is selling its public relations businesses and disposing of Ayer Barker, its principal consumer advertising agency.

The public relations businesses are being sold for 25m cash to Corporate Communications, a private company, which includes City & Commercial, the financial PR firm.

At the same time, Barker will acquire NW Ayer's 12.5 per cent interest in Charles Barker's own equity for 21. These shares will be cancelled.

compensation for the subscription already made. "Neither party wanted to litigate," claimed Mr David Norman, Barker's chairman, "and here we have the solution."

Yesterday's narrow escape was greeted with considerable jubilation within the Tilbury camp. Mr Michael Böttger, managing director, said that he was very pleased with the outcome and delighted that the company "could now pursue its own growth strategy".

Liberty bounces back with 55% increase

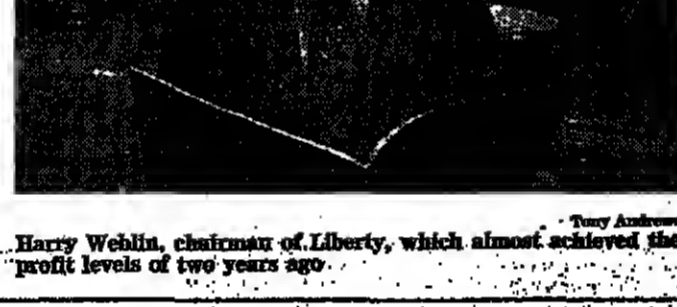
By Maggie Urry

LIBERTY, the retailer and wholesaler of upmarket goods, saw profits bounce back in the six months to July 29, with the pre-tax figure up 55 per cent to £2.1m.

traditionally incurred losses in the first half. Retail turnover rose by 4 per cent to £22.1m, though the rise was held back by the sale of the Dutch operation a year ago.

Converting and wholesaling trading profits rose 60 per cent to £2.1m on sales 94 per cent higher at £10.6m. Mr Pugh said that the order book was strong, except for furnishing fabrics which had been affected by the dull housing market.

Harry Weblin, chairman of Liberty, which almost achieved the profit levels of two years ago.



Harry Weblin, chairman of Liberty, which almost achieved the profit levels of two years ago.

\$326m losses forecast at UAL

By Paul Beils, Aerospace Correspondent

UNITED AIRLINES (UAL), the second largest US carrier in which British Airways is planning to invest \$750m (£450m) for a 15 per cent stake, is expected to suffer net losses of \$260m next year, according to Lazard Frères and Salomon Brothers.

A US Securities and Exchange Commission filing by the UAL buy-out group, which includes BA, however, despite next year's forecast losses, UAL is expected to report operating earnings of \$260m.

\$300m in 18 per cent preferred stock. The non-dividend convertible securities will give BA a 15 per cent stake of the voting equity.

The two investment banks have prepared a set of financial estimates for Airline Acquisition Corp, the company set up by the UAL management and private investors to acquire the airline for \$6.5bn. The banks also forecast that UAL will not achieve a net profit until 1992.

For its part, BA yesterday announced further details of its \$760m investment in Airline Acquisition involving \$350m in non-dividend convertible securities and \$410m in preferred stock and 18 per cent stake.

BA added that reduced contributions to its pension fund would add \$30m to pre-tax profits for the year to March 1990.

BAT delay

The hearing of BAT Industries' appeal against the Takeover Panel's decision to give its predator, Hoylake, an unprecedented extension to the timetable, has been put back to Wednesday next week.

Earnings per share were up 60 per cent to 7.22p. Within the figures, though, the retail business suffered an increased loss, of £435,000 against £98,000 at the trading profit level.

The printing operation - a French silk printer - increased sales by 38 per cent to £3.4m and trading profits by 94 per cent to £520,000.

Mr Pugh said that retail sales were ahead of budget 89 per cent in the second half.

Jaguar growls at Ford's 'unwelcome' play

By Kevin Done, Motor Industry Correspondent

JAGUAR yesterday formally rebuffed this week's surprise approach by Ford of the US, which is seeking to buy an initial stake of up to 15 per cent in the UK luxury car maker.

While Ford is forced to wait on the obligatory 30-day period imposed by the US anti-trust authorities before it can begin to buy shares in significant volume, Jaguar is pursuing talks with other car makers.

The British car maker is looking for access to more extensive technical resources and for co-operation in components.

Its share price has jumped dramatically in the wake of Ford's move and in the expectation of a bid battle in the run-up to the end-1990 expiry of the UK Government's so-called "Golden Shares", which limits individual shareholdings in Jaguar to 15 per cent.

Postal delays mar Queens Moat rights

By Clay Harris

QUEENS MOAT HOUSES yesterday asked National Westminster Bank to reconsider the way it handles future rights issues after 80 shareholders had cheques returned for having arrived after the deadline for the hotel group's recent £141m cash call.

"The initial indication is that postal delays were responsible in most cases," Queens Moat said. "We are satisfied that, in most instances, cheques had been despatched to allow more than a reasonable amount of time for postal delivery."

In the recent rights issue, shareholders' applications had to arrive by post at NatWest's branch in Commercial Road, London E1, or be delivered by hand at its City office in Princes Street by 3pm on September 11.

"Something has gone wrong this time," Mr Marcus said. "That recorded delivery is a real condemnation."

Southampton sale helps Highland Parts to £6m

By John Ridding

STRONG improvements from both its land and maritime divisions prompted a sharp increase in profits at Highland Parts, the property and ship repair company run by Mr Peter de Savary, from £1.92m to £6.23m for the six months to June 30.

However, the results include an exceptional charge of £214,000, part of which related to redundancy payments to the remaining registered dockers at Falmouth. The balance represented reorganisation costs at the port.

Nicolson joins team planning DRG takeover

By Clay Harris

SIR DAVID NICOLSON, former chairman of BTR and of British Airways, has joined the team planning a hostile takeover offer for DRG, the paper and packaging group.

At yesterday's unchanged closing price of 588p, DRG is valued at £688m. Penbridge said on September 11 that it was considering making a cash offer below DRG's then-market price of 604p.

Macallan - Glenlivet tops £2m midway

A substantial advance in pre-tax profits from £876,000 to £2.28m was achieved by Macallan-Glenlivet in the first half of 1989. The directors of this whisky distiller are forecasting a higher profit for the year, compared with the £2m of the total of returned cheques and enhanced marketing activity.

SI against Kembrey reverse

By John Ridding

SHAREHOLDERS in SI group, the loss-making manufacturer of equipment for the brewing industry, yesterday voted against a proposal by Kembrey Group, a private machinery trader and manufacturer of engineering components, to reverse its bid.

Beaverco shares drop 75p

Shares in Beaverco, USM-listed maker of plastic items, furniture and sports equipment and road haulier, closed 76p down at 250p following a company statement that profit for the six months to September 30 would be similar to the £1.06m of the comparable period.

IRG rises to £0.85m midway

IRG, formerly Irish Ropes, reported pre-tax profits in the six months to July 1 up from £781,000 to £833,000 (£760,000) with carriage and warehousing having an excellent half year and sales in plastic food containers increasing substantially.

Polypipe justifies strategy with 53% profit rise

By John Thornhill

STRONG SALES, improved margins, and an acquisition, helped Polypipe, the plastic plumbing and drainage systems manufacturer, to record a 53 per cent profit rise in the year to June 30. At the pre-tax stage they rose to £11.16m (£7.29m) on turnover 38 per cent ahead at \$63.01m (\$45.59m).

plant, tooling, and product development had brought improved efficiencies and enabled it to gain market share, he said. Mason Finzer (toolmakers), acquired in August 1988, was one example of this diversification and produced excellent trading results.

cladding, fascia, and window board products were producing encouraging results, the chairman said. The final dividend is 2.08p, bringing total payment for the year to 3p (3.12p). Earnings per share grew by 48 per cent to 11.9p (8.02p).

the building materials sector, Polypipe stands out as a glowing exception. Whatever is going on around it, Mr McDonald insouciantly asserts that Polypipe just keeps on increasing sales. The company is undoubtedly one of the most efficient manufacturers in its field and has been able to pick up market share as a result. It may also have been protected by its relatively low exposure to business in the new housing market - less than 25 per cent according to the company's reckoning. But even if Poly-

pipe's profits do not become a casualty of the building sector shake-out, its share price is less likely to escape unscathed; sentiment still suggests it operates in vulnerable markets and its shares may be hampered accordingly. Even so, on a prospective multiple of about 10, assuming pre-tax profits of over £13m, Polypipe looks fair value. An added bonus is that with no gearing Polypipe is financially solid and may even be on the prowl for other operators, possibly on the Continent.

Interest limits Wm Sindall to 58% rise

A doubled interest charge prevented William Sindall, the building and civil engineering contractor, raising pre-tax profits higher than the 68 per cent it achieved in the first half of 1989. Taxable profits moved ahead from £437,000 to £699,000, on turnover up to £22.82m (£21.82m). Payable interest was £494,000 (£241,000). Tax more than doubled to 170,000 (£68,000), and earnings per share were 6.39p (3.18p). The interim dividend is lifted to 1.5p (8p), though the company stressed that the increase has been made to create a better balance between the interim and the final dividends.

Rent growth helps Highcroft Invest

Higher rents, helped by rent reviews and the purchase of two properties, were behind a 26 per cent increase in interim pre-tax profits from £274,000 to £345,000 at Highcroft Investment Trust. Earnings per share were 4.38p (3.4p) and the interim dividend is raised to 1.4p (1.2p).

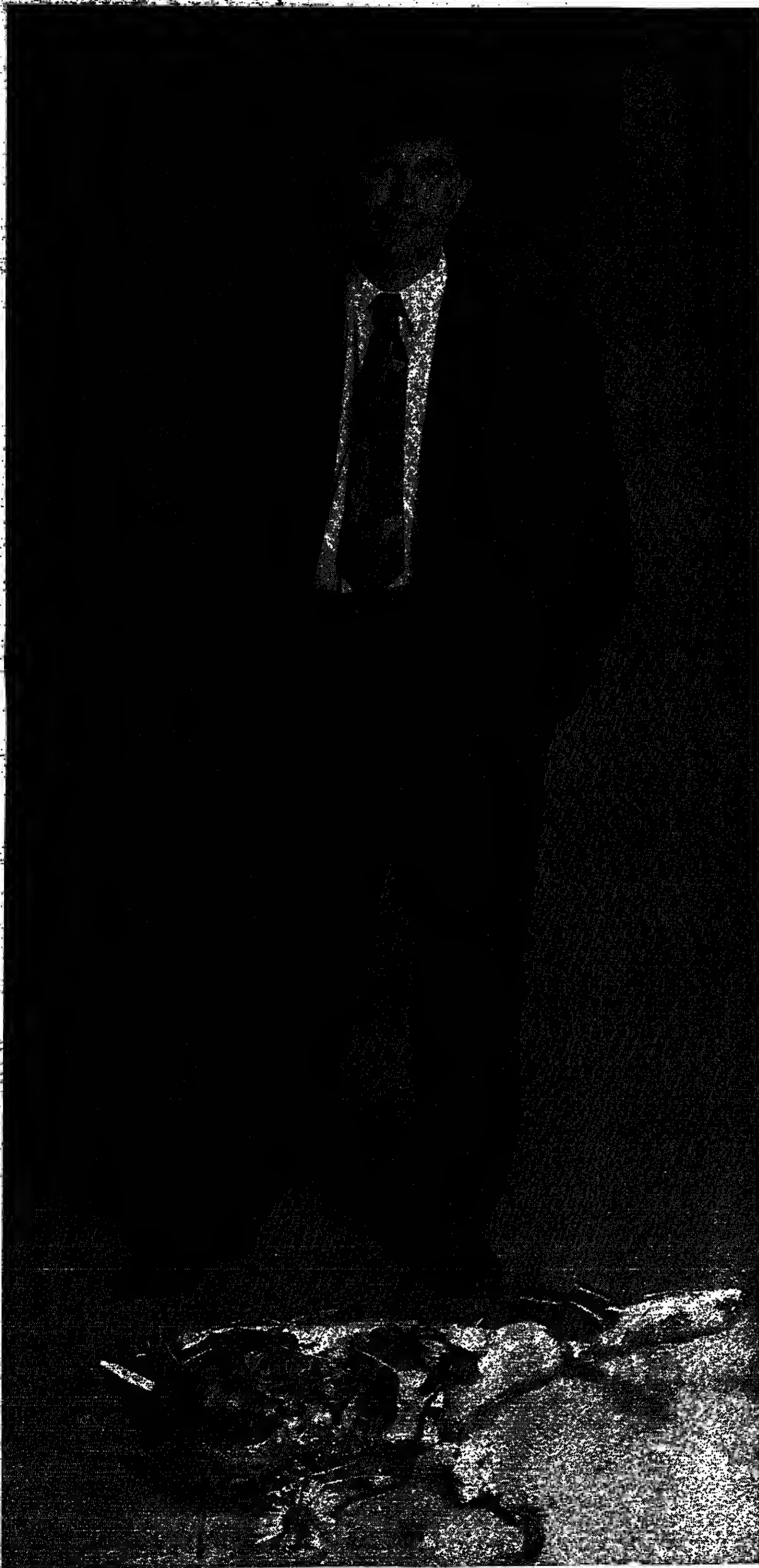
Birse share allocations

The offer for sale of Birse Group, the construction and plant hire company, was subscribed 4.6 times. Applications from directors and employees will be allocated in full. Other shares will be allocated as follows: Applications for 200 to 400 shares - 200 shares allocated; 60 to 200 - 40; 1,000 - 45; 1,500 - 800; 4,000 to 8,500 - 725; and for 4,000 or more - 20 per cent of the number applied for. Dealings are expected to begin next Thursday.

NEW HOMES ADVERTISING appears every Saturday in the Weekend FT. For further information please call Ganieve Mareghini on 01-873 4927

Declan McConnochie

Our Senior Trader on the Secondary Markets Desk.



Shane Longman is an investment bank with a capital base of around £500 million. Our reputation, and the security of our investments, rely on characters like Declan McConnochie.

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All the women he meets fancy him.
Except one.**

And finding a nice guy in a merchant bank is as rare as finding a proud owner of a satellite dish.

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It's the story of a powerful merchant bank, and some of the rather strange people who work there. Declan's just one of them. And he looks quite normal compared to the rest of them...



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A merchant bank worth watching.

INTERNATIONAL COMPANIES AND FINANCE

P&G branches out into cosmetics

By Roderick Oram in New York

PROCTER & GAMBLE, the giant US consumer products group, is branching out into cosmetics...

of a Procter & Gamble's share for each common or B share. Procter & Gamble's stock shipped 2 1/4 to \$119 1/4 yesterday...

Mr George Bunting, Noxell's chairman, the company had looked for a partner when it "became clear that a significant investment would be required in such areas as research and development and international expansion."

do not currently do business." Noxema, the brand on which Noxell was founded 75 years ago, is well established in North America and Europe.

Control of Elders IXL moves to Harlin

By Chris Sherwell in Sydney

MAJORITY control of Australia's second-largest company, Elders IXL, has effectively passed to Harlin Holdings...

Ferruzzi discloses trading losses of up to \$100m

By George Graham in Paris

FERRUZZI, the Italian food and agricultural products conglomerate, has announced extraordinary losses on its trading operations that could reach up to \$100m.

Ferruzzi had announced last week that it would carry out a far-reaching reorganisation of its trading activities with the aim of integrating them more closely with its agricultural processing businesses.

Ferruzzi held 20m bushels of soybeans worth around \$145m at the time of the decision, and was the largest presence in the market. Over the 10 days during which it was obliged to sell off its position, the price fell from \$7.26 a bushel to \$6.88.

US bank adds \$2bn to reserves

By Anatole Katelky in New York

J P MORGAN, the fourth largest and most respected commercial bank in the US, has announced a huge strengthening of its reserves by adding \$2bn to its provisions for possible Third World loans.

The move - which follows smaller but significant reserve additions by Manufacturers Hanover and Chase Manhattan this week - will potentially allow Morgan to write off 100 per cent of its medium-term and long-term exposure to the Third World.

The action signals a collapse in the united front presented by US bankers in their approach to the Third World debt crisis.

Morgan's announcement, made after the stock market closed on Thursday, opens the possibility that debt reduction schemes far more ambitious than the agreement reached with Mexico this summer will dominate the annual meeting of the International Monetary Fund and World Bank in Washington next week.

The \$2bn provisions will boost Morgan's total reserves against Third World lending to about \$2.8bn. After allowing for loan sales negotiated in the current quarter, the increased reserves would cover 70 per cent of Morgan's total exposure to Third World countries which had restructured their debts.

The provision would force the bank to declare a \$1.8bn loss in the third quarter and would reduce its ratio of equity to total assets from 6.1 per cent to 4.5 per cent.

Hongkong Land surges 43%

By Michael Murray in Hong Kong

HONGKONG LAND, the Jardine Matheson group subsidiary which is the highest landlord in Hong Kong's Central financial district, has reported strong earnings growth for the first half of 1989, with net profits up by 43 per cent to HK\$767m (US\$98.3m).

The results reflect the buoyant conditions in the local property market during the first half, with a shortage of space in Central continuing to push up rentals as leases, typically reviewed every three years, came up for review.

Mr Simon Keswick, chairman of Hongkong Land Holdings, said the medium-term impact of recent events in China remains difficult to assess, but with the group's portfolio virtually fully leased, and with supply still limited, the prospects for positive rental reversions both this year and next remain encouraging.



Simon Keswick: Impact of events in China not yet known

However, Mr Keswick added that although he anticipated full-year results to show a satisfactory increase, the rate of earnings growth in the second half will be lower, none the less, because of the interest costs relating to the HK\$2 a share special dividend paid to shareholders in May.

The HK\$5.17bn payout formed part of a restructuring under which Hongkong Land shareholders swapped their existing shares for those in a newly created offshore holding company in Bermuda, Hongkong Land Holdings, Ltd.

subsequently took advantage of Bermuda regulations allowing companies to buy their own shares, acquiring 69.6m shares in Hongkong Land Holdings, or around 2.8 per cent of its equity. A dividend of 16 cents per share has been declared, compared with 13 cents at the halfway stage last year.

Chrysler cuts Mitsubishi stake

By James Buchan in New York

CHRYSLER, the third-largest US motor manufacturer, yesterday sold half its holding in Mitsubishi Motors, its joint venture partner with Japanese carmaker Mitsubishi Heavy Industries of Japan.

Chrysler, which is based in Highland, Michigan, said yesterday that it sold 75m shares in Mitsubishi Motors, which is traded on the high-flying Tokyo Stock Exchange, to Japanese institutional investors

and reduced its stake from 21.8 per cent to 12.1 per cent. Chrysler will book proceeds of about \$59m including an after-tax capital gain of about \$10m or \$1.33 a share on the sale.

Mr Lee Iacocca, Chrysler's chairman, said that the sale was designed to realise value for his company's shareholders and would not affect the relationship with Mitsubishi. The joint venture, which goes back originally to 1971, has expanded from distribution and product development to a full-scale manufacturing venture, Diamond-Star Motors, in Normal, Illinois.

Mr Iacocca said: "Our relationship with Mitsubishi remains as strong as ever and is a critical element of our future plans. We expect it to grow and prosper in the tough years the world automotive industry will face in the future."

"Given today's market conditions in Japan, however, we feel that this is a good time to reduce the size of our stake in Mitsubishi and realise some significant value for our shareholders."

Foreigners limited to 49% of Telmex

By Richard Johns in Mexico City

FOREIGN ownership of Mexico's telephone company, Telmex, will be limited to 49 per cent when the company is privatised this autumn and no individual overseas investor will be allowed to own more than 10 per cent.

The Mexican Government is to sell a 51 per cent stake. It said no less than 25 per cent of Telmex's shares, which are traded on the New York Stock Exchange, were in the hands of overseas investors.

Mr Carlo De Benedetti is strengthening his position in Portugal by raising the capital of Copisa, a Portuguese holding company of his financial group, from Esc1.5bn to Esc1.8bn (about \$3m).

Mr Alain Merc, vice-president of Cinc, the De Benedetti group's Paris-based holding company, said in Lisbon that the move was in preparation for several investments in Portugal, though he did not identify them.

"There are three or four hot projects in different sectors," he said. "The De Benedetti group holds 55 per cent of Copisa's shares. Other shareholders include Amarin, one of Portugal's largest industrial and financial groups, with 30 per cent; CISF, a Portuguese investment company with 5 per cent; and Spain's Banco Zaragozano and Bilbao-Vizcaya, both with 5 per cent each. The shareholdings will remain the same after the capital increase."

Each of these months, Copisa acquired a 32 per cent stake in Lusitania, a Portuguese finance and tourism company. Copisa will now seek a listing on the Lisbon Stock Exchange.

Mr Merc said the move was aimed to strengthen the group's position in Portugal ahead of the 1992 EC internal market, and to "awaken" possibilities for Portugal in its development. It was also part of a long-term strategy to develop activities along Europe's southern belt from Greece to Portugal.

"The centre of gravity is already shifting and in 15 years the motor of Europe will be in the south," Mr Merc said. The group is preparing a similar operation in Greece.

It is also studying business opportunities in Eastern Europe.

IBM plans to link with Baxter

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines, the world's leading computer company, and Baxter International, a big US health care products supplier, are to form a jointly-owned partnership company to address the health care information management market.

The arrangement marks the first time that IBM has formed a partnership company to address a particular segment of the computer systems market. The new, as yet unnamed, company will be owned in equal shares by IBM and Baxter and overseen by a partnership steering committee with three members from each parent company.

The company will focus on providing software and services for the health care industry. It will have an initial workforce of 800, drawn from subsidiaries of both Baxter and IBM. The companies declined to reveal the expected revenues of the new entity.

Both IBM and Baxter, through its Systems and Amson Systems divisions of Baxter Healthcare, currently offer a range of software products for hospitals and doctors, including software designed for large hospitals down to personal computer applications for individual physicians.

The companies plan to merge their product lines, eliminating overlaps by the first quarter of next year. The partnership company will then develop new software products independently.

IBM said it would expand its health-related marketing team in the US to support the partnership in marketing its software and services, as well as continue to sell IBM computers. Outside the US, IBM will sell the partnership's products.

The health care information management market is currently estimated to be worth about \$5bn in the US and \$11bn worldwide and to be growing at a rate of about 12 to 14 per cent per year.

Peugeot sells its bicycle unit to Raleigh group

By William Dawkins in Paris

PEUGEOT, the French car maker, yesterday sold its bicycle division for an undisclosed price to Derby International, a Luxembourg registered company which owns Raleigh cycles.

Mr Philippe Poinso, joint managing director of ECIA, the Peugeot unit which controlled Peugeot Cycles, said: "The future of the cycle market in Europe is such that we think our cycle activities are best with a long-term European group specialising in the sector."

Based at Romilly sur Seine, near Paris, Peugeot Cycles employs 1,000 people, who produced 639,000 cycles last year, representing a turnover of FF820m (\$121.4m). Derby International took over Raleigh from the British company Tube Investments and also has the right to the Gazelle and Kalkhoff trade marks.

WORLD COMMODITIES PRICES

Table with columns: WEEKLY PRICE CHANGES, Latest prices, Change on week ago, Year ago, High 1989, Low 1989. Includes Gold, Silver, Copper, Lead, Zinc, Tin, Cocoa, Coffee, Sugar, Barley, Wheat, Cotton, Wool, Rubber, etc.

Table with columns: COCOA - London FOK, D/tonne, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: POTATOES - BSE, D/tonne, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: LONDON METAL EXCHANGE, Prices supplied by Amalgamated Metal Trading, Close, Previous, High/Low, AM Official, Kert close, Open Interest. Includes Aluminium, Cash, Copper, Lead, Nickel, Zinc, etc.

Table with columns: NEW YORK, GOLD 100 Troy oz, \$/Troy oz, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: HEATING OIL, 42,000 US gal, cents/US gal, Close, Previous, High/Low. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEAN OIL, 60,000 lbs, cents/lb, Close, Previous, High/Low. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEAN MEAL, 100 lbs, \$/ton, Close, Previous, High/Low. Includes Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SPOT MARKETS, + or -, Close, Previous, High/Low. Includes Dubai, Brent Blend, W.T.I., Oil products, etc.

Table with columns: RUBBER - London FOK, \$ per tonne, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEAN MEAL - BSE, D/tonne, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: LONDON BULLION MARKET, Gold (the oz) \$ price, 2 equivalent, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: COPPER 25,000 lbs, cents/lb, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: CRUDE OIL, Light 42,000 US gal, \$/barrel, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: COTTON, 50,000 lbs, cents/lb, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: WHEAT, 5,000 bu, cents/bu, Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (Latex), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 1 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 2 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 3 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 4 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 5 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 6 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 7 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 8 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 9 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 10 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 11 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 12 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 13 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 14 Oct), Close, Previous, High/Low. Includes Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar nervous ahead of G7

INVESTORS ADOPTED a cautious attitude yesterday ahead of today's meeting in Washington of the Group of Seven nations. Traders are still smarting from the sharp decline in the dollar seen last Friday, and there is little incentive to risk exposure to a repeat performance.

Bank of England figures, the dollar's exchange rate index was unchanged at 71.6. Later trading in New York saw the dollar edge slightly higher against the D-Mark, but business was still confined mostly to position squaring. The extent of the rise was also limited by suggestions of discreet intervention by the US Federal Reserve, but there was no obvious evidence of this.

STERLING INDEX

Table with columns: Sep 22, Latest, Previous, Close. Lists various currency rates including Sterling, Swiss Franc, Japanese Yen, etc.

CURRENCY RATES

Table with columns: Sep 22, Bank, Special, European. Lists currency rates for various countries like Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table with columns: Sep 22, Bank of, Morgan, etc. Lists currency movements for various banks and currencies.

OTHER CURRENCIES

Table with columns: Sep 22, Bank of, Morgan, etc. Lists rates for other currencies like Argentine, Brazil, Chile, etc.

FORWARD RATES AGAINST STERLING

Table with columns: Sep 22, 1 month, 3 months, 6 months, 12 months. Lists forward rates for various currencies against sterling.

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer, Bid, Offer. Lists interbank fixing rates for various currencies.

MONEY RATES

Table with columns: New York, London, etc. Lists money rates for various locations.

LONDON MONEY RATES

Table with columns: Sep 22, Overnight, 7 days, 1 month, 3 months, 6 months, 12 months. Lists London money rates.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Sep 22, Days, One month, Three months, Six months, One year. Lists dollar spot-forward rates.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns: Sep 22, Days, One month, Three months, Six months, One year. Lists pound spot-forward rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, % change, % change adjusted, % change. Lists EMS currency unit rates.

EURO-CURRENCY INTEREST RATES

Table with columns: Currency, Term, Rate. Lists Euro-currency interest rates.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate. Lists exchange cross rates.

MONEY MARKETS

UK INTEREST rates adopted a very flat yield curve yesterday in the absence of fresh news to influence sentiment. Most traders are in the expectation of interest rates as sufficiently high to bear down on inflation and excessive growth.

UK clearing bank base lending rate

quoted at 13 1/2 per cent from 13 1/4.

FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT. Lists information about the FT Guide to World Currencies.

LIFFE LONG GILT FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Lists LIFFE Long Gilt futures options.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Lists LIFFE US Treasury Bond futures options.

LIFFE EURO DOLLAR OPTIONS

Table with columns: Strike, Call, Put, etc. Lists LIFFE Euro Dollar options.

LIFFE STERLING OPTIONS

Table with columns: Strike, Call, Put, etc. Lists LIFFE Sterling options.

LIFFE 100 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 100 index.

LIFFE 300 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 300 index.

LIFFE 500 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 500 index.

LIFFE 750 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 750 index.

LIFFE 1000 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 1000 index.

LIFFE 1250 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 1250 index.

LIFFE 1500 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 1500 index.

LIFFE 1750 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 1750 index.

LIFFE 2000 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 2000 index.

LIFFE 2250 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 2250 index.

LIFFE 2500 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 2500 index.

LIFFE 2750 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 2750 index.

LIFFE 3000 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 3000 index.

LIFFE 3250 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 3250 index.

LIFFE 3500 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 3500 index.

LIFFE 3750 INDEX

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LIFFE 4000 INDEX

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LIFFE 4250 INDEX

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LIFFE 4500 INDEX

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LIFFE 4750 INDEX

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LIFFE 5000 INDEX

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LIFFE 5250 INDEX

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LIFFE 5500 INDEX

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LIFFE 5750 INDEX

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LIFFE 6000 INDEX

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LIFFE 6500 INDEX

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LIFFE 6750 INDEX

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LIFFE 7000 INDEX

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LIFFE 7250 INDEX

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LIFFE 7500 INDEX

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LIFFE 7750 INDEX

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LIFFE 8000 INDEX

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LIFFE 8250 INDEX

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LIFFE 8500 INDEX

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LIFFE 8750 INDEX

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LIFFE 9000 INDEX

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LIFFE 9250 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 9250 index.

LIFFE 9500 INDEX

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LIFFE 9750 INDEX

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LIFFE 10000 INDEX

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LIFFE 10250 INDEX

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LIFFE 10500 INDEX

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LIFFE 10750 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 10750 index.

LIFFE 11000 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 11000 index.

LIFFE 11250 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 11250 index.

LIFFE 11500 INDEX

Table with columns: Bid, Offer, Bid, Offer. Lists LIFFE 11500 index.

LONDON MARKETS

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corres. Total, Total last year. Lists dividends announced.

LONDON RECENT ISSUES

Table with columns: Issue, Price, etc. Lists London recent issues.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, etc. Lists fixed interest stocks.

RIGHTS OFFERS

Table with columns: Issue, Price, etc. Lists rights offers.

TRADITIONAL OPTIONS

Table with columns: Issue, Price, etc. Lists traditional options.

MID WALES

The Financial Times proposes to publish this survey on: 3RD NOVEMBER 1989. For a full editorial synopsis and advertisement details, please contact: Anthony G. Hayes on 021-454-0922 or write to him at: George House, George Road, Edgbaston, Birmingham B15 1PG.

SPONSORED SECURITIES

Table with columns: High, Low, Company, Price, Change, etc. Lists sponsored securities.

FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT. Lists information about the FT Guide to World Currencies.

LONDON STOCK EXCHANGE Dealings

Details of business done show below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated prices are in pence.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

† Bargains at special price. † Bargains done the previous day.

- Corporation and County Stocks No. of bargains included 12 London County 2 1/2% Cons Stk 1980r after - 2300 (20/89)

- UK Public Bonds No. of bargains included 12 Agricultural Mortgage Corp PLC 3 1/2% Deb Stk 2000 - 1200 (20/89)

- Foreign Stocks, Bonds, etc. (coupons payable in London) No. of bargains included 117

- Abn-Amro 11 1/2% Deb Stk 1990r - 2500 (20/89)

- Breweries and Distilleries No. of bargains included 34 Allied-Lions PLCADR (11) - 3000 (20/89)

- Registered Housing Associations No. of bargains included 14 North Housing Association Ltd 2 1/2% Cons Stk 1980r - 2000 (20/89)

- Commercial, Industrial, etc No. of bargains included 54 Anglo-Continental 10 1/2% Cons Stk 1980r - 2000 (20/89)

- Starting Issues by Overseas Borrowers No. of bargains included 54 Asian Development Bank 10 1/2% Cons Stk 1980r - 2000 (20/89)

- 3 1/2% Cons Stk 2000r - 2000 (20/89)

- 3 1/2% Cons Stk 2000r - 2000 (20/89)

- 3 1/2% Cons Stk 2000r - 2000 (20/89)

- 3 1/2% Cons Stk 2000r - 2000 (20/89)

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- 3 1/2% Cons Stk 2000r - 2000 (20/89)

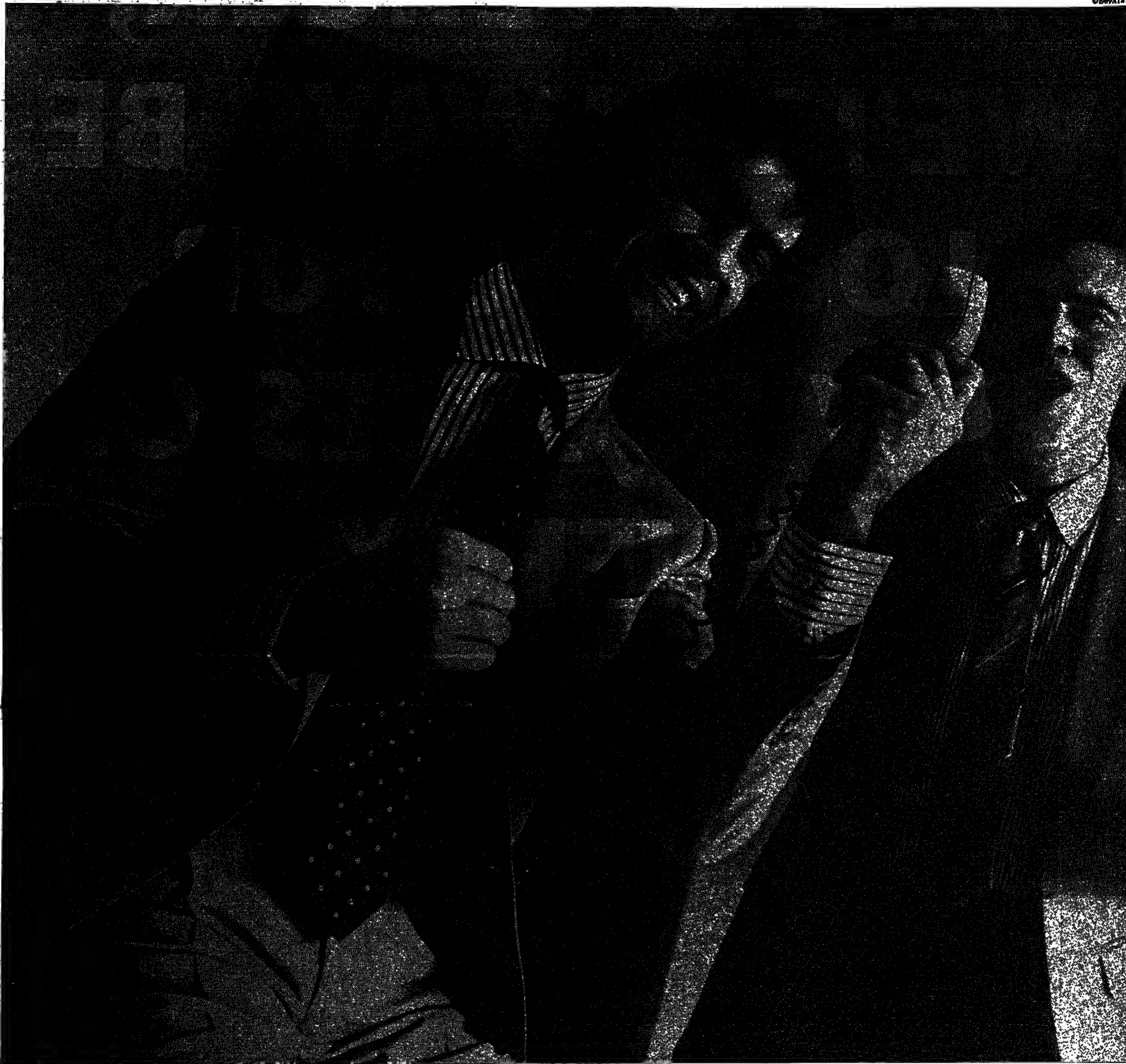
- 3 1/2% Cons Stk 2000r - 2000 (20/89)

- 3 1/2% Cons Stk 2000r - 2000 (20/89)

PHARMACEUTICALS The Financial Times proposes to publish this survey on: 7 NOVEMBER 1989

Handwritten signature or mark at the bottom of the page.

HE'S NOT IN THE STATES.



**BUT HE
DOES BUSINESS
THERE
EVERY DAY.**

"Jack? It's Nigel. I hear you've got the go-ahead to launch the issue."

"Yes - if the terms are right."

"And are they?"

"Could be. If you can take the full 300 million right now."

"Our syndicate's ready and waiting."

"In that case let's go."

"We've got the deal?"

"You've got it."

"Fantastic. Shall we sign in Paris?"

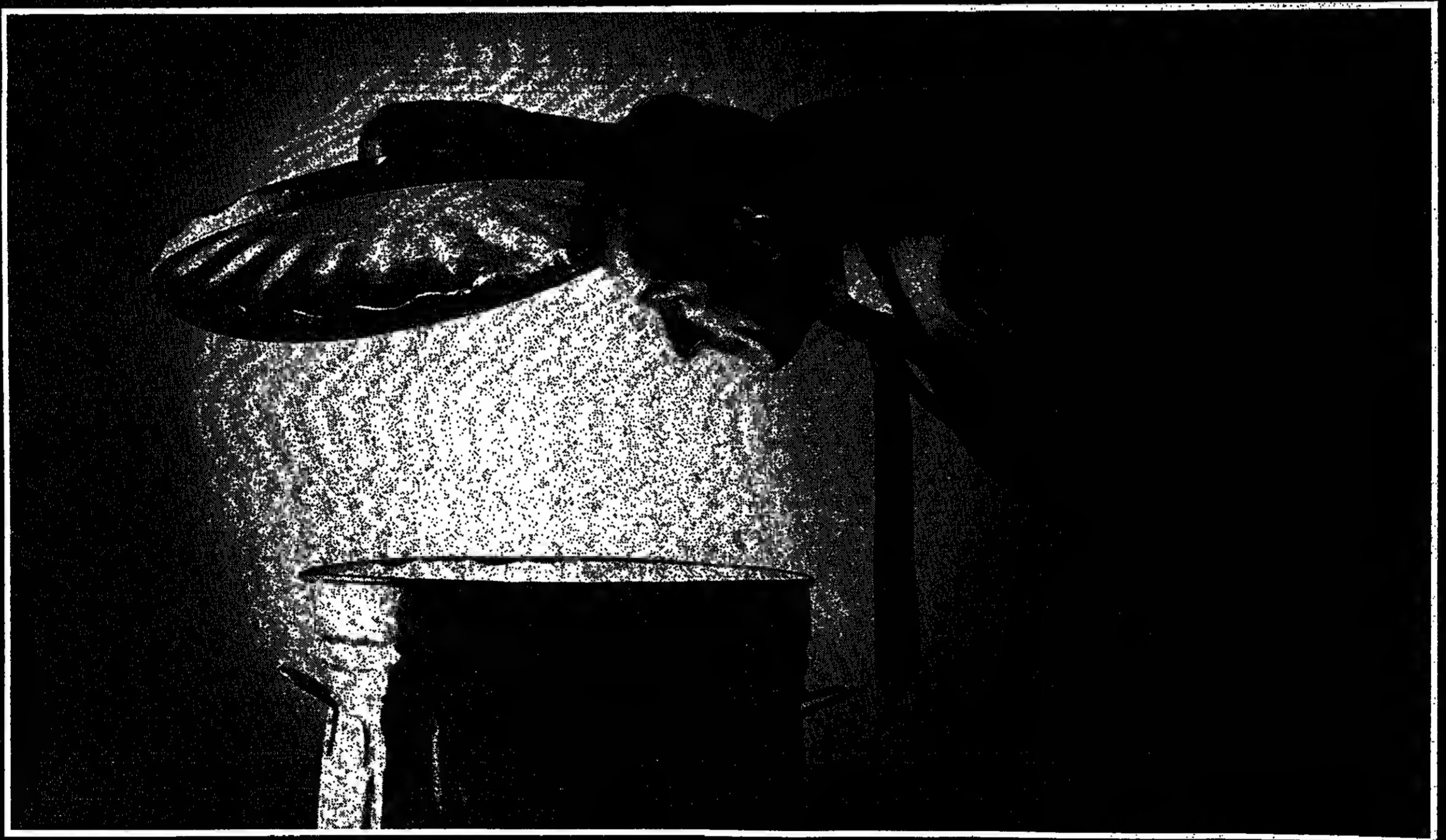
The rest of this conversation is strictly business.

With AT&T and your local telecommunications organisation the lines of communication to the States are open for everyone.

If you want your business to pick up, pick up your phone.



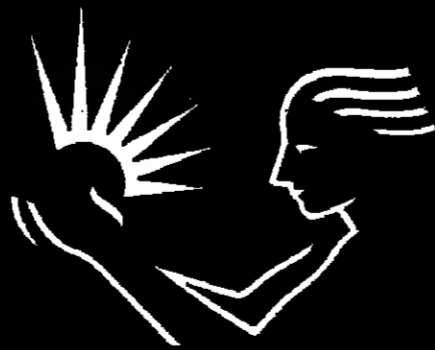
AT POWERGEN, WE'LL ALWAYS BE LOOKING FOR NEW SOURCES OF ENERGY.



The Central Electricity Generating Board is being replaced by competing generating businesses.

PowerGen will be one of them.

Our aim is to provide the most cost-efficient and reliable source of electricity in England and Wales.



POWERGEN
THE EMERGING COMPETITION.

We believe that one of the best ways to achieve this is through the efficient use of natural resources.

That's why we'll always be examining the potential of interesting new sources of energy.

Wherever they arise.

PowerGen is currently a division of the C.E.G.B.

LONDON STOCK EXCHANGE

Profit-taking in dull equity sector

ANOTHER cautious trading session left the London stock market to drift easier ahead of the weekend's meeting of the Group of Seven Ministers. Equity markets will watch the meeting for hints of the outlook for the US dollar, while on the domestic front the stock market awaits the announcement on Tuesday of the UK trade figures for August.

Share prices were turning easier on the opening yesterday with traders taking profits as the first week of the trading account came to its close. Takeover speculation cooled off in the absence of any new developments in the market's favourite bid targets. A placing of 1.5m shares of Unigate, the food products group, occupied the attention of the big institutions, and the rest of the equity sector left to find its own way extended its opening falls.

The latest report on business opinion from the Confederation of British Industry (CBI) at the beginning of the week indicated that UK manufacturing industry is feeling the squeeze imposed by high domestic interest rates. Perhaps more unsettling for the stock market has been the threat of industrial action by the engineering industry trade unions in pursuit of a reduction in the working week to 35 hours, which is seen as a further sign of pressures on the domestic labour market.

Mr John Reynolds of Prudential-Bache said yesterday that concern over wage pressures has been a major factor in keeping the Footsie Index below the 2,400 mark, and that the present wages picture was "not encouraging". The balance of stock market opinion may have shifted over the past week and may now be tilting slightly in favour of a hard landing for the UK economy, he believes.

At Warburg Securities, the economics team judges that market sentiment is "fairly evenly balanced". The bulls are encouraged by better than expected interim results from industry, the bears believing that a recession or a pick-up in inflation may be on the cards, have mostly withdrawn from the equity market for the time being.

Trading volume was disappointingly low yesterday, as it has been all week. Best volume of 482.9m shares was an improvement on Thursday's 416.5m but still well below the level regarded as the minimum for an equity sector profitable to the market practitioners.

Setback for Boots

Boots, the retailing and pharmaceutical group, returned to the limelight yesterday as the company's shares fell sharply in the wake of what was regarded as bad news for its drug Manoplax for which the market and Boots had held out high hopes. The drug has been seen as a possible treatment for congestive heart failure.

The company dropped a bombshell on the market yesterday, saying that, following key clinical trials in the USA and UK, the comparative improvement in patients treated with Manoplax "is not as great as expected", and that a future development programme "is being evaluated". A full evaluation could lead to a decision for cancellation of the programme.

Boots shares slumped to 288 1/2p at one point before steadying and then edging ahead to close a net 26 off at 290p; turnover expanded rapidly and eventually settled at 21m shares.

There was widespread concern in the market as the news became available, not least because some of the City's big stockbroking houses had upgraded their profit forecasts for Boots in mid-week and more so because rumors of problems concerning Manoplax had circulated in the market at the start of the week, but had apparently been denied by Boots.

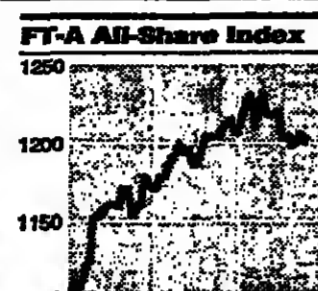
one analyst said. Worries about some of Asda's lines of business and its reorganised distribution centres caused some worries. The concern focused on comments by chairman, Mr John Hardman, at the AGM on Wednesday. Hardman said that although its food business had performed well, non-food sales had been hit by high interest rates, while teaching problems had developed in its new centralised distribution centres.

Asda are usually a very optimistic company. For them to mention these problems suggests they are suffering more than most other food retailers, due to their exposure to non-food retailing business, said Mr Frank Davidson, analyst at Kitcat & Aitken.

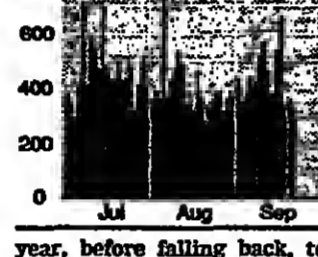
Norcros hit The building materials and industrial group, Norcros, was hit by a series of profits downgrades instigated by Hoare Govett and quickly followed up by James Capel, the agency broker and then by Warburg Securities. Hoare lowered its current year projection from 268m to 256m and that for next year from 274.5m to 253m.

Jaguar still busy Jaguar shares continued to climb on the London market yesterday and at the peak of trading hit 610p, a high for the year, before falling back to close at 583p, a 33 point gain on the day.

Since the close of trading last week, Jaguar shares have risen from 422p to yesterday's closing level, a gain on the week of 17p.



FT-A All-Share Index



Equity Shares Traded

The G-7 ministers, at which the outlook for the US dollar is expected to head the agenda. ICI, for example, highlighted around the overnight quotation of 1290p, as a mere 335,000 shares were turned over.

Glaxo, the pharmaceutical leader, fared rather better, edging up 6 to 1539p as demand for the drug in Tokyo overtook a reduction in corporate brought a squeeze on UK market-maker positions.

The renewed support for Glaxo, which has also been restored to the buying lists of two leading London securities firms, underlines SmithKline Beecham, regarded by some as a suitable switch out of Glaxo. At 582p, SmithKline fell 9p.

There was a sharp response from shares of British Airways to the board's disclosure that 53m will be added to 1990 profits by a reduction in corporate pension contributions, and that no equity will be required for the planned \$760m purchase of a 15 per cent stake in the newly-shaped United Airlines of the US, the shares closed at 632p, up 7p.

Standard Chartered raced up to 556p at one point amid talk of stake-building and imminent takeover news, but traders quickly treated the very low levels of turnover in Standard shares saying "the market is short of stock and has been all week".

The Scottish banks remained well supported, especially Royal Bank of Scotland which edged up 4 more to 183p, albeit in thin trading of 708,000 shares. Bank of Scotland, reporting interims next Wednesday, held at 118p, with County NatWest Woodmac forecasting profits before tax and LDC provisions of around £22-23m, compared with £21.1m in 1988.

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News that Tibury Contracting had retained its independence by a whaler - bidder Lilley spoke for 48.84 per cent of Tibury shares at the final count and the offer therefore lapsed - removed the supposed plank from under the Tibury share price which closed a net 35 off at 606p.

Caradon slipped 3 to 464p with traders taking the view that the company will soon have to come up with hard news concerning the possible bid; the company announced it was involved in discussions which could lead to a bid as long ago as August 31. The buy recommendations for Logica, the software group, came flooding out after the preliminary profits surge from \$14.7m to \$15.5m, a rise of 26 per cent - 3.8m. GSC took 5 to 266p on 3.7m, still depressed by profit-taking.

Mr Robert Pringle at Hoare Govett, describing the stock as a "buy" said: "Earnings growth is set to pick up strongly again; the rating is unjustifiably below

FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Bonds, Fixed Interest, Ordinary Shares, Gold Mines, FT-400, etc.

TRADING VOLUME IN MAJOR STOCKS table listing various companies and their trading volumes.

and they closed at 111p, a gain on the day of 6. The market was not greatly surprised by the deal, and the general feeling was that the company had made the right move, and should concentrate on its executive recruitment business.

LEADERS AND LAGGARDS table showing percentage changes since December 30 1988 based on Thursday 21 September 1989.

BENCHMARK GOVERNMENT BONDS table showing coupon, price, yield, and other data for various bonds.

COMMODITIES

WEEK IN THE MARKETS

President's letter sways coffee

THE DRUGS war spilled over into the coffee markets this week as the President of the US began to take a personal interest in the problems of Colombia, the world's second biggest coffee producer.

Colombia, it will be remembered, tried hard to stop the international coffee agreement from collapsing at the beginning of July. The country relies on coffee for about 40 per cent of its export earnings, equivalent to \$1.6m a year.

Whatever happens between the US and Colombia, it is Brazil which is the key player in this market. It is the world's biggest producer and appears quite happy with a free market in coffee. Brazil is determined not to relinquish any of its market share.

Meanwhile, the International Cocoa Organisation failed once again to revive its moribund agreement. Talks went on into the early hours of last Saturday but, as so often in the past, nothing was achieved. The market pegged prices down sharply on Monday, and in spite of a rise on Thursday following French trade house buying, the December price closed yesterday at 1790 a tonne, a fall of 220 on the week.

Sugar prices, in contrast, have risen. India announced on Thursday that it had finalised long awaited contracts to import 300,000 tonnes of white sugar to overcome its domestic shortage. The London Daily Price for Java was \$304 a tonne yesterday, a rise of \$14.80 on the week.

APPOINTMENTS

Restructure at Reedpack

REEDPACK paper group, comprising Reed Paper & Board (UK), Reed Transport, J. & J. Maybank and Reedpack Nederland de Hoop paper division, is to be restructured from October 1. Mr Hank Bos will become managing director, responsible for Aylesford Mill and Reed Paper Mill in the UK.

to Aylesford West Mill and Colthrop Board Mill. Mr Mike Gadd becomes commercial services director taking responsibility for Aylesford site services, in addition to purchasing, public relations, and marketing services.

Mr Peter Neill (above) has been appointed chief executive of the WITTECH GROUP, and a director of the holding company, Wittech General Services. He was a 23 per cent stakeholder in the company when it was Redland Purkin.

Mr J.E. Barneby and Mr N.E.E. Mason have been appointed directors of CEARNIKOW HOLDINGS, and Mr R.G. Bell, Mr C. Bellow, Mr R.D.P. Mullion, Mr J.D. Nickson and Mr J.W. Payne.

WORLD STOCK MARKETS

US MARKETS (Cpm)

Table of US stock market data including S&P 500, Dow Jones, and various industry indices. Includes columns for date, index value, and change.

September 22 US\$

Table of US stock market data for September 22, listing various companies and their stock prices.

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NEW YORK DOW JONES

Table showing Dow Jones index performance for New York, including 1989 and 1988 data.

STANDARD AND POOR'S

Table showing Standard and Poor's index performance for various sectors.

INDICES

Table showing various market indices and their performance.

NEW YORK ACTIVE STOCKS

Table showing active stock trading activity in New York.

CANADA

Table showing Canadian stock market data.

FRANCE

Table showing French stock market data.

GERMANY

Table showing German stock market data.

ITALY

Table showing Italian stock market data.

NETHERLANDS

Table showing Dutch stock market data.

SPAIN

Table showing Spanish stock market data.

SWITZERLAND

Table showing Swiss stock market data.

SOUTH AFRICA

Table showing South African stock market data.

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SPAIN

Table showing Spanish stock market data.

SWITZERLAND

Table showing Swiss stock market data.

SOUTH AFRICA

Table showing South African stock market data.

Base values of all indices are 100 except NYSE All Common - 50, Standard and Poor's - 100 and Toronto Composite and Nikkei - 1000. Toronto indices based on 1972 and Montreal Portfolio on 1971. Excluding bonds, Industrial, plus Utilities, Financial and Transportation, (cl) Closed, (d) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow meanders on lack of developments

Wall Street

WITH NO new information about the state of the economy in prospect and no dramatic corporate developments, the Dow Jones Industrial Average at 130 pm was 2.09 points up at 4,582.37, after spending the morning confined to a range of about five points on either side of the previous night's close.

declines by a narrow margin of about seven to six. The bond market was equally unimpaired, drawing no significant conclusions from the only statistics published yesterday, the personal income and expenditure figures for August. Personal income was up 0.4 per cent and consumption expenditures were 0.5 per cent higher.

positions ahead of the Group of Seven meeting due to be held in Washington this weekend. In early afternoon trading, the Treasury's benchmark long bond was down at 99 1/2, a price at which it yielded 8.19 per cent.

possibility of 100 per cent losses on its medium and long-term exposure in the Third World. Citicorp advanced 3/4 to 33 3/4 and BankAmerica rose 1/2 to 34, as investors looked forward to their reserving announcements.

Canada

SHARE prices were mixed at midday in very quiet trade. Traders said the advance of gold stocks was mostly responsible for the slight rise in the Toronto composite index which climbed 4.6 to 3,906.9.

Japanese increase their Asia Pacific interest

Robert Thomson reports on the advantages being taken of the region's fast growing economies

THE JAPANESE are becoming more discerning investors in Asia Pacific markets. The country's giant life insurance companies are now consciously increasing the region's weighting in their portfolios.

where people look at Asian markets, and the demand is increasing," Mr Nakayama said. Most Japanese and foreign brokers agree that the flow of money is increasing for several reasons.

movement in Peking have unnerved some investors. One broker said that "people just got out of Hong Kong and they won't be back for a while."

ASIA PACIFIC

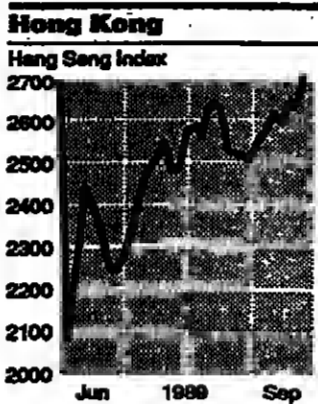
Early advance reduced as caution takes over

Tokyo

CAUTION took over again yesterday and share prices closed only marginally higher in spite of a strong advance in early trading, writes Michiko Nakamoto in Tokyo. The Nikkei average was only 36.77 points higher at 34,771.76, up 1.1 per cent on the week.

trial nations scheduled to begin today. Branch managers' meetings at leading brokers made it difficult for investors and dealers alike to take an active part in trading.

near future. Musashino Bank formed Y40 to Y9,000 and Dai-ichi Life Insurance by Y70 to Y1,670.



Hong Kong had underperformed other markets for long enough was translated into a sharp decline in early trading. Turnover soared by 73 per cent from HK\$1.9bn on Thursday to HK\$3.3bn on Friday.

25 cents to HK\$7.25 after Thursday's announcement of a 26 per cent profit increase. AUSTRALIA drifted lower as the interest rate rises, which followed news of the record current account deficit on Thursday, drained life out of the stock market.

EUROPE

Life flows back into leading bourses

THE WEEK ended in confident style in most European markets, with share prices rising in higher trading volumes, but the Scandinavian bourses remained firmly in the doldrums, writes Our Markets Staff. FRANKFURT had a strong and busy session, with the banking sector leading the helm.

from Thursday's DM4.8bn to a very active DM6.4bn. PARIS also had a lively session on the first day of the new account, as the opening CAC General Index touched its fourth successive record high, adding 5.7 to 5324.

Peugeot regained FF19 to FF21.95 as hopes grew of an end to the current strike. MILAN responded to better-than-expected first-half results from Generali after the market closed on Thursday, and insurance and banking sectors led the Comit index up by 5.8 to 715.58 - 1.5 per cent lower on the week.

previous Friday's close. Jacobs Suchard, the food company, lost SF195 to SF170 after saying it expected lower group earnings.

SOUTH AFRICA

GOLD shares were buoyed in Johannesburg by a steady bullion price, while other mining issues were little changed. Western Deep rose R4 to R145, Ofsal gained R2.50 to R89 and Welkom added R1 to R22.25.

FT-ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Thursday September 21 1989, Wednesday September 20 1989, and Dollar Index. Rows list various countries and their stock indices with percentage changes.

INVESTMENT DECISIONS? NOW YOU CAN GET ALL THE ANGLES... STRAIGHTAWAY. Advertisement for Investors Chronicle magazine, including a subscription form and contact information.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-225-2128

Handwritten note: "Unit Trusts"

Main table containing unit trust information with columns for Unit Trust Name, Price, and other details. Includes sub-sections like 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OFFSHORE AND OVERSEAS' and 'GUERNSEY (SIB RECOGNISED)'.

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

LUXEMBOURG (SIB RECOGNISED)

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts such as British Funds, International Funds, and Offshore Funds with their respective performance metrics.

LONDON SHARE SERVICE

Table of London Share Service, including sections for British Funds, Loans, Foreign Bonds & Rails, Americans, Money Market Bank Accounts, and Money Market Trust Funds.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd

Table listing Building, Timber, and Roads stocks with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES - Contd

Table listing Drapery and Stores stocks with columns for Stock, Price, and other financial metrics.

ENGINEERING - Contd

Table listing Engineering stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, and other financial metrics.

BANKS, HP & LEASING

Table listing Banks, HP & Leasing stocks with columns for Stock, Price, and other financial metrics.

ELECTRICALS

Table listing Electricals stocks with columns for Stock, Price, and other financial metrics.

FOOD, GROCERIES, ETC

Table listing Food, Groceries, etc. stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing Beers, Wines & Spirits stocks with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing Chemicals, Plastics stocks with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing Drapery and Stores stocks with columns for Stock, Price, and other financial metrics.

HOTELS AND CATERERS

Table listing Hotels and Caterers stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing Building, Timber, Roads stocks with columns for Stock, Price, and other financial metrics.

ENGINEERING

Table listing Engineering stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

HIRE PURCHASE, LEASING, ETC

Table listing Hire Purchase, Leasing, etc. stocks with columns for Stock, Price, and other financial metrics.

INSURANCES

Table listing Insurance stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for Stock, Price, and other financial metrics.

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Handwritten signature or mark at the top center of the page.

LEISURE

Table of share prices for Leisure companies, including titles like Leisure, Leisure, Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising companies.

TEXTILES - Contd

Table of share prices for Textiles companies.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land companies.

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Table of share prices for Oil and Gas companies.

MINES - Contd

Table of share prices for Mines companies.

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INVESTMENT TRUSTS

Table of share prices for Investment Trusts companies.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, Etc companies.

PLANTATIONS

Table of share prices for Plantations companies.

MINES

Table of share prices for Mines companies.

CAMPAIGNS

Table of share prices for Campaigns companies.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies.

SOUTH AFRICANS

Table of share prices for South Africans companies.

OIL AND GAS

Table of share prices for Oil and Gas companies.

CENTRAL AFRICA

Table of share prices for Central Africa companies.

DIAMOND AND PLATINUM

Table of share prices for Diamond and Platinum companies.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers companies.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising companies.

TEXTILES

Table of share prices for Textiles companies.

OIL AND GAS

Table of share prices for Oil and Gas companies.

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Table of share prices for Finance companies.

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Regional & Irish Stocks section with various sub-sections like Traditional Options, Property, Oils, and Mines.

Notes section providing additional information and disclaimers regarding the share prices.

D ENOUGH
FINANCIAL
APPRECIATION
1988 700233

Weekend FT

Weekend September 23/September 24 1989

AS A young engineer in the mid-1970s, Steve Hui wrote in his diary that he would dedicate his life to creating a company that would become a significant force by combining the virtues and strengths of the three best business nations.

These were the discipline and commitment to trade of the Japanese, the dedication and cohesiveness of his native Chinese, and the management creativity of the Americans.

Six years after founding Everex Systems in northern California's Silicon Valley, Hui sits in his shirt-sleeves in a large open-plan office and runs a personal computer company employing nearly 2,000 people worldwide, with sales of more than \$550m a year and pre-tax profits running at well over \$25m annually.

This is the stuff of which the American Dream is made - a first generation immigrant making good. Such stories - there are many more - enabled that quintessential romantic, former President Ronald Reagan, to describe Asian-Americans as "our exemplars of hope and inspiration." They have been praised as both the model and super minority.

Yet to Asian-Americans, it is not so simple. To them, the great success story is merely one end of a diverse spectrum. For all the acclaimed entrepreneurs, scientists, musicians like Yo-Yo Ma and Seiji Ozawa, and architects like I.M. Pei, many first and second-generation immigrants still work in sweatshops. Average household incomes may be higher than those of other ethnic minorities, partly because of the number of multi-income families, but there are still many poor workers in the garment trade and restaurants. What to tourists is a quaint Chinatown or Koreatown is really a ghetto, and often a depressing one for those with little no English and little hope of escape.

Asian-Americans are having an increasing impact, however, on US business, education and political life. In the mid-1960s there were just over 1m Asian-Americans - people of clear Asian origin. Now there are well over 6.5m, still less than 3 per cent of the total US population, but in California they approach 10 per cent of the inhabitants.

This growth reflects the unintended results of a change in US immigration policy in 1965. Before then, most Asian-Americans were descendants either of the Chinese who built railroads in the 19th century or of Japanese farmers. Under tight laws which favoured newcomers from Europe, there had been virtually no new immigration from Asia since the 1920s. Reflecting the spirit of the times, the 1965 legislation did away with immigration rules based on ethnic bias. It substituted a preference for family ties, but this was not expected to alter the existing national pattern of immigration.

The biggest subsequent influx turned out to be from Asia, especially the Philippines, Korea, Hong Kong, Taiwan, Vietnam, Laos and Cambodia. The first newcomers were mainly the children of affluent businessmen and professionals sent to study at US universities. Once allowed to settle - because of their skills - they brought in relatives under a process which became known as chain migration. The US withdrawal from Indo-China in the early-to-mid 1970s, led to a more diverse wave of refugees, and this has continued.

Most of the Asians have settled in California, New York and parts of Texas. Chinese-Americans have a sizeable presence in San Francisco, and in the computer and high-tech businesses in nearby Silicon Valley. Further south in Los Angeles there are several Asian neighbourhoods. Else-



East makes good in the west

Peter Riddell examines the growing influence of Asian-Americans on US society

where, there are many Filipino doctors and nurses throughout the US, while Vietnamese-Americans are prominent in shrimp fishing off Texas. Non-American Indians have a large slice of the big west coast motel business, while Korean-Americans run over half the corner grocery stores in New York City.

What has enabled this group of migrants to succeed more obviously than the simultaneous wave of Hispanics from central and south America? Some Asians had more money and education with which to start, but few migrants have been able to move immediately into comparable positions in American society. Professionally qualified people have often had to start lower down the occupational ladder and learn English before building new careers.

Much of the explanation lies in Mr Hui's diary entry. The cohesiveness and self-sufficiency of many Asian - particularly Chinese - families and their commitment to the value of education has provided a background of hard work and discipline. The ambitions of the parents are channelled through the children.

All of the first-generation Asian entrepreneurs to whom I spoke in Silicon Valley have two or three degrees from US universities. They displayed a common drive to succeed - in some cases with their second or third companies. A number wondered, ruefully, whether their American-born-and-bred children would match their determination.

Asian-American pupils score highly in high school tests, notably in mathematics and science. Moreover, Asian-Americans

now account for more than a quarter of the students at the University of California at Berkeley and a fifth at UCLA in Los Angeles, with over half the places in mechanical engineering and computer science. Walking round the two campuses, the large number of Asian faces is striking.

This success has created resentment and a reaction. Asian-American groups now argue that Berkeley and other colleges have been discriminating against them by using an admissions policy that is based not solely on academic results but also on extra-curricular activities. Such a policy, they say, works against hard-working and at times narrowly-focused Asian-Americans, who can lack the language skills and self-confidence to shine outside the classroom. Philippine-born Cathy Casuga, a graduate student at UCLA, points also to real cultural differences. "Asian students regard it as disrespectful to look a teacher in the eye, while for Americans not to do so would be disrespectful."

After vocal protests, the Berkeley authorities admitted to "insensitivity", conceding that "decisions made in the admissions process indisputably had a disproportionate impact" on Asian-Americans. This argument has close parallels with the quotas faced by Jews at many leading American universities 40 or 50 years ago. Indeed, the achievements of, and difficulties faced by, the Asian-Americans of the 1980s closely match those of the earlier wave of Jewish migrants from Europe. Both groups have close family ties and a willingness to make sacrifices to

ensure the educational success of their children.

Asian-Americans see the argument over university admissions as reflecting a broader stereotyping by white society. David Lam, who runs a company (his third) producing expert controllers for factory automation, believes Asian-Americans are often regarded as "good workers, not good leaders," and their potential is underestimated. There is much talk about a glass ceiling in companies limiting promotion prospects.

This is self-fulfilling in that lack of aggressiveness, acceptance of authority and even a certain passivity make large companies less likely to promote Asian-Americans. Trinh Tran, whose company offers enhanced graphics and display performance on computers, says he tried to hire Asians for his all-American marketing and sales operation, but they were more oriented to engineering.

David Lee has twice been involved with leading US groups - most recently as executive vice-president of ITI - and says that, while he was treated well, there is a tendency to regard Asian-Americans as "technicians rather than managers." He regrets the absence of Asian-Americans at the top of most large US computer groups and, like Lam and Tran, prefers to run his own firm - he has rebought his original game printer business. Asian-Americans clearly delight in being entrepreneurs.

The Asian-American Manufacturers Association (AAMA), based in Silicon Val-

ley, seeks to overcome these problems. John Chan, AAMA's chairman, accepts the need to learn American ways and the association offers help on public speaking and presentation. This has led to direct political involvement. The AAMA has followed the lead of other minority groups in setting up a political action committee to make contributions to candidates to ensure that its voice is heard.

Until recently, Asian-Americans played little part in politics. Outside Hawaii, there are still only two Asian-American members of Congress and none in the 120-strong California state legislature. Voter turnout among migrants who have become US citizens has also been low. Congressman Robert Matsui, a Democrat from Sacramento, says historic animosities prevented unity.

There has been a historic dislike of politics. For the older generation of pre-1965 migrants this partly reflected bruising experiences - notably the internment of 120,000 Japanese-Americans in the US during the last war. Matsui was one. During the war, and for many years after, Japanese-Americans sought to impress on people that they were, in Congressman Matsui's words, "real Americans." Many of the post-1965 wave of immigrants came as refugees from war or authoritarianism and were highly suspicious of politicians. Government officials were often regarded, not unreasonably, as corrupt.

Asian-Americans have become more active in the last few years, partly as ancestral arguments have been forgotten, but also as a younger generation has

become more self-confident. Activism has been stimulated by issues such as reparations for former interned Japanese-Americans (approved in principle, but still not yet paid), university admissions (seen as the key for entry into the US mainstream) and a current controversy over immigration proposals which would favour European newcomers over Asians.

All of the diverse group of Asian-Americans to whom I spoke, however, highlighted the importance of the Detroit killing in 1982 of Vincent Chin - a Chinese-American - by whites who believed he was Japanese and blamed him for the loss of jobs in the city. The killers were merely fined and put on probation. The affair mobilised the Asian-American community. There have also been many subsequent incidents of harassment in which Asian-Americans have been attacked as the readily identifiable scapegoats for Asian countries competing with the US.

Some of the tensions have been with other minority groups. As Spike Lee's new film *Do The Right Thing* shows vividly, many inner city blacks resent successful new arrivals like the Koreans, who run liquor and grocery stores in their areas. Talking in his district office in the racially mixed eastern end of Hollywood Boulevard, Michael Woo - the only Asian-American on the Los Angeles City Council - says feelings are strong that the Koreans, by employing extended families in their shops, are "taking money out of the black community." Woo is urging Asian entrepreneurs to "recycle dollars back into the black community by hiring young blacks and through philanthropic effort."

Woo's district is only 5 per cent Asian. Like Congressman Matsui, he is one of the new generation of Asian-American politicians who have had to reach out beyond their own community to be elected. Woo won at the second attempt in 1985, by building a coalition of various Asian groups - Hispanics, Jews, Armenians and blacks.

Asian-Americans are far from being automatic Democrats - unique among recent immigrants apart from the Florida Cubans. Many more Chinese-Americans in southern California vote Republican than Democrat. Many are refugees from communism, so the anti-communist, family values and entrepreneurial message of Ronald Reagan had a particular appeal.

Fred Hong, a partner in a Los Angeles law firm and a prominent Democratic fundraiser, criticises his party for taking Asian-Americans for granted - the Republican National Committee has reached out more to his community. Hong argues that Asian-Americans need to be more aggressive, like the American Jewish community, "not just giving and not asking."

While some, though not all, Asian-Americans still have ties with their homelands, they now see themselves very much as Americans. They also look to a surprising extent, not just across the Pacific but also across the Atlantic. Several of the Silicon Valley entrepreneurs wanted, for instance, to talk about the single European market.

For all the problems some Asian-Americans still face, the patronising image of the model minority is not far off the mark. As the attendance figures at US universities imply, Asian-Americans are likely to make an increasing mark on US society. The impact is likely to be greatest in high technology businesses, universities and the arts, but also increasingly in politics.

As one of the most dynamic and self-sufficient forces within the US, Asian-Americans represent a renewal of the flow of immigrants that has enriched American society and provided an engine for growth. Perhaps Britain would benefit from a similar influx in the 1990s from Hong Kong.

The Long View

Hurricanes hardly happen, do they?

PEOPLE DON'T make the same mistake twice, but different people can make similar mistakes.

Take the current nervous debate about the possibility of another stock market crash. As the markets hover around 1987 peaks, and the October catastrophe season approaches, it is natural that investors should worry. If share prices could drop once by a third within a few days, might it not happen again?

In fact the October 1987 collapse was a once-in-50-years kind of phenomenon. Two years later we can now see that it was in no way linked to the fundamentals of the global economy, which have continued to be excellent. Instead, it represented the correction of a temporary overvaluation.

Why and how this overpricing in 1987 should have occurred is worth a separate discussion, although it must have stemmed from overconfidence generated by an unusually extended period of rising markets.

Subsequently, stock market investors have again become acutely conscious of the risks, and are anxious not to repeat the error. Private investors, for instance, have largely steered clear of this year's booming stock markets. Whereas in the summer of 1987 unit trust companies were selling units at the rate of \$10 a month net, the rate recently has been only a third of that.

Institutional funds are necessarily more active, but values

have stayed reasonably in line with the buoyant fundamentals. Although share prices in the UK market are on average more or less in line with pre-crash levels, the benchmark dividend yield is 4 per cent rather than 3 per cent, and the price-earnings ratio is 13 rather than nearly 20. On Wall Street, the corporate outlook is not nearly as good as it was in mid-to-late 1987. So there is a risk of another correction. However, it will not derive from investor hysteria.

We must look instead at a parallel market place, where over-optimism is still rampant. This is the corporate market, where companies sell businesses between each other - often on those 20-plus p/e ratios which the 1987 crash so discredited.

Company executives have also been operating for an unusually long time in favourable conditions. It is eight years since the end of the last international business recession. Profits have expanded hugely, nowhere more than in the UK, where they started from an unusually low base in international terms and have gone up some 2½-fold in real terms during the 1980s.

Flushed by this success, managers have begun to pay themselves increasingly huge



BARRY RILEY

Compared with the pre-crash period of two years ago, the risks in the financial markets have shifted to the corporate sector, but they still remain substantial

salaries and bonuses. City of London financiers now grumble over their lunch tables about industrialists' pay rises - in a breathtaking reversal of the pattern a few years ago,

when the City's streets were paved with gold.

The managers reason that the success of their companies is due to their own efforts - not to unusually favourable trading conditions. We shall see.

At any rate, managers often have an inflated view of the value of their companies compared with that set by the stock market - they are certainly acutely aware of the danger of a takeover bid at higher prices. These considerations encourage them to increase their borrowings, in an attempt to raise the returns at the cost of increased risk. The simplest way is to buy in the company's own shares.

Highly paid and confident chief executives are also inclined to go on their own takeover spree. Finance is not a problem, in spite of the widening gulf between stock market prices and inter-corporate market values.

Note that shrewd dealers such as Sir James Goldsmith - who once used listed shares as the currency for buying private companies cheaply - are now moving in the opposite direction, breaking up public companies. Meanwhile, the most successful mergers and acquisition advisers these days are those who can fan the egos of their clients and persuade them to pay crazy prices for once-in-a-lifetime opportunities. Hamburger chains and hotel groups seem to whizz around the corporate circuit at astonishing speed.

In the US, much of this activity has been financed by publicly traded junk bonds. However, the market in these is now highly nervous. The apprehension follows this week's emergency rescue of Campeau Corporation, which is hurried by a \$10bn debt mountain. Campeau's proposed forced sale of the Bloomingdale's department store chain gives a warning.

Here in Britain junk bonds are few, but the banks have been eagerly pursuing corporate borrowing opportunities now that the house mortgage business has gone flat. Bank lending continued to roar away during August and, of the \$8.4bn increase during the month, \$1.6bn related to takeover bids.

Even the banks, however, have now become nervous. They are cutting back on new loans to the property sector, and are much more choosy about buyout propositions.

The trouble is that the moment that the credit taps start to be turned off is when the risks begin to multiply. If the corporate market crashes, the stock market will not fall in proportion but is bound to be negatively affected. Takeover candidates would tumble in price, as the market returned to an earnings-based valuation basis, and there would be a wave of equity issues as companies sought to cut their borrowing ratios.

Oh, and there might be a few bankruptcies too. Mistakes can be costly for macho risk-takers.

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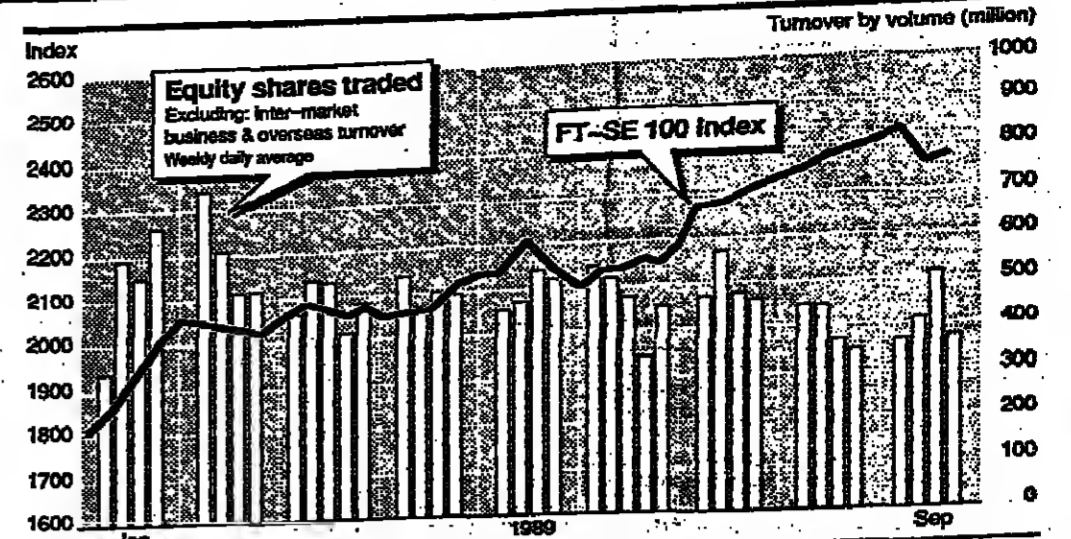
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MARKETS

LONDON

Ferranti fears head a week of gloom

IT HAS BEEN the sort of week which a number of people might prefer to forget. Not least of these potential amnesiacs, one suspects, would be Sir Derek Alun-Jones, still struggling to stabilise the situation at troubled defence electronics group, Ferranti International Signal...



FINANCE & THE FAMILY: THIS WEEK

Youngsters miss out on the Abbey habit

The newly-floated Abbey National building society has an unpleasant surprise in store for some of its younger account holders. Page 111

A sad chapter from B&C

Analysts will be looking for hints of prospective action when British & Commonwealth Holdings reports its interim profits next week, which are forecast to fall to £60m from nearly £83m at the same time last year. Results are also due from Tesco, Vickers, Truthahouse Forte, United Newspapers and others. Page 14

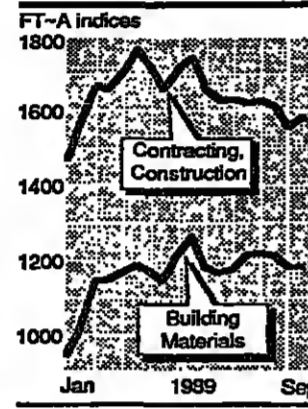
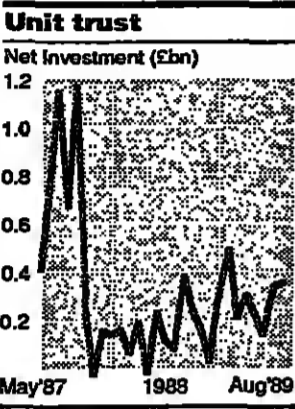
Up and down times for BES

The slump in the property market is causing a headache for those who run assured tenancy issues under the Business Expansion Scheme, as Heather Farmborough reports. However, as John Edwards discovers, other BES ideas are proving more successful. Page 5

Minding your own business

Roy Hodson and Ian Hamilton Fassy report on one of the most popular routes to small business success, owning and running a small, high-class hotel. Plus how an American savings bank is proving to be the friend of the mini-entrepreneur. Page 11

BRIEFCASE: Forced sale of parents' home: Page VI



Equity investors gain confidence

Investors are slowly but perceptibly recovering their confidence in the equity market in general and unit trusts in particular. This is the interpretation placed on the August sales figures from the Unit Trust Association. Investors bought some £285m of units during the month, the second highest this year...

Building sector in the spotlight

A barrage of important company news items, plus plenty of actual and rumoured developments on the takeover front, kept the building materials, contracting and construction sectors of the London stock market in the spotlight this week. Interim figures from Tarmac, the UK's biggest housebuilder, showed a 23 per cent rise...

Shares deal is withdrawn

Berclyshare, the retail stockbroking arm of Barclays Bank, is withdrawing the special commission arrangements for dealing in Abbey National shares on Friday next week. Under the special offer the minimum commission was cut to £12.50...

House prices fall average 2%

House prices dropped on average by 2 per cent in August, according to the latest regional house price survey carried out by estate agents, William H. Brown. However, the volume of sales picked up as sellers adjusted to the lower price levels...

Aberdeen Trust move

Aberdeen Trust Holdings announced that it had made a recommended offer of £5m for Frederick Place Holdings, which won control of the Country Gentlemen's Association in 1988. The offer has received irrevocable acceptance from 56.2 per cent of Frederick Place Holdings, whose chief executive and deputy chairman, Stuart Goldsmith, is to resign...

11% account on offer

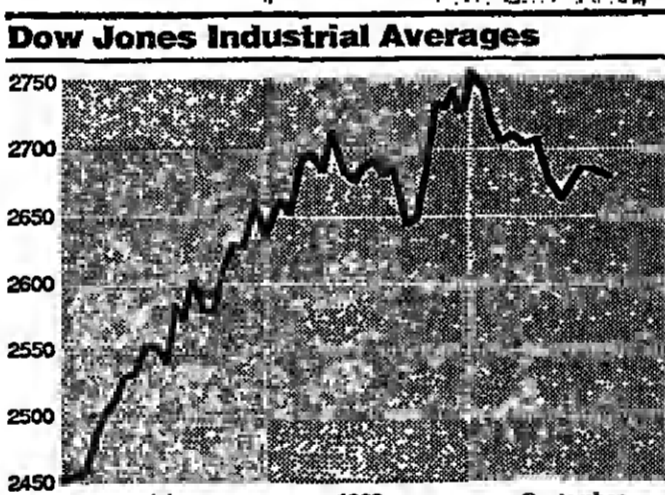
A six-month, fixed interest account offering 11 per cent net interest (equivalent to 14.66 per cent gross for a standard rate taxpayer) is launched today by Scarborough Building Society. Minimum investment is £1,000. JE

HIGHLIGHTS OF THE WEEK

Table with columns: Price y/day, Change on week, 1989 High, 1989 Low. Rows include FT-SE 100 Index, Boots, Bowthorpe, Brent Walker, Jaguar, Logica, Lucas Inds., Pecon, RMC, Silkolene, TVS Entertainment, Tarmac, Tuskar Resources, United Friendly B, Willis Faber.

WALL STREET

Beware the ideoes of October



more than 300 points to reach its all-time peak of 2752.09 on September 1. More curiously still, the Dow finally broke through its previous record on August 24 this year - just one day ahead of the 1987 schedule. Back in August, of course, investors were well aware of the analogies with 1987. They did not seem too worried, however, for at least three reasons...

towards wage inflation, coupled with some deceleration in productivity growth. On the other hand, figures showing an underlying 4 per cent growth in manufacturing output in the year to end-July, compared with a figure of nearer 7 per cent at end-1988, could be read as an encouraging indication...

circumstances. All may well be if the squeeze is not too prolonged, but matters could become more tricky if the Chancellor's medicine continues to have only a gradual corrective effect. One of the few consistently bright spots was Jaguar, the luxury car group. Shares in the company sprang into life on Tuesday afternoon when Ford...

was provided by a Ministry of Defence statement stating that Ferranti remained "an important and valued supplier". That said, Ferranti's aim of a further equity injection of £100m to £200m has still to be negotiated, and the details of how the company was brought to such an unlikely mess must rumble on for weeks to come...

Nikki Tait

JUNIOR MARKETS

Fortune favours the brave...

ALTHOUGH this might not seem an ideal time to launch on to the stormy waters of the Unlisted Securities Market three companies this week have taken the plunge - disregarding the subdued state of the market that has followed a string of profit warnings from its former favourites...

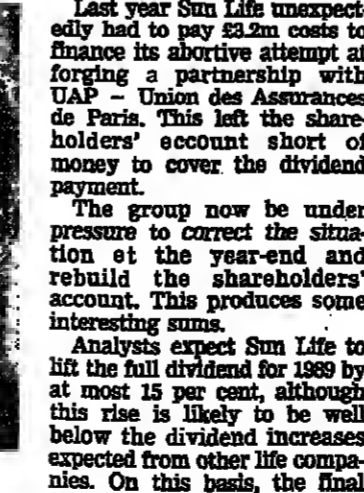
an interesting investment, particularly as share prices do not seem exorbitant. Witness Ashstead, one of the best-managed companies on the USM, which has long commanded a premium in the sector and which is now on a prospective PE of just 11. If investors feel confident about the long term potential, the relatively low ratings now afforded by high quality USM stocks could provide a good opportunity to buy...

Stephen Hinchliffe, chairman who arrived at the company in June after Lynx had bought his Data Memories company, is anxious to avoid the same trap. "By restructuring the company in this way we eliminate the deficit on the balance sheet and leave ourselves with about £800,000 for acquisitions..."

Dividend shortfall for Sun Alliance shareholders

SHAREHOLDERS in Sun Life Assurance Society received something of a shock this week when the company announced that the interim dividend was being increased by 10 per cent. This in itself was not entirely good news, bearing in mind that other quoted life companies have raised their interims by at least 15 per cent. But Sun Life also said that there was only some £6.5m cash available, which was not enough to pay for the £8.2m cost of even this modest dividend...

At each year-end, it is also used for interim bonuses and dividend bonuses for unit holders. The shareholders' portion of the profit is added to the shareholders' account. Thus, other than the investment income received from the balance of assets held in the account, the major part of the company's revenue is received once a year, out of which the cost of dividends is met. In such a situation, the logical course would be for life companies to pay dividends once a year. But in practice shareholders expect dividends twice a year, in line with payments from other quoted companies. So there must be sufficient money in the shareholders' account to pay the final dividend, next year's interim and any other likely cash calls on shareholders.



Sun Life has always maintained a policy of paying out most of the money in the shareholders' account as dividends, but this leaves little to spare for meeting unforeseen costs. However, most of the profit has already been taken from...

largest linked company, so there will be little available from this source at the end of the year. The money will have to come from the profits on the main life fund, in which policyholders are entitled to 90 per cent of the profits and shareholders 10 per cent. If the actuary follows last year's valuation basis, then analysts estimate that the shareholders' account would only receive around £25m. But if shareholders are to get an extra £3m from the main fund, then policyholders would get an extra £27m. Such a profit increase to policyholders would most likely be paid over in the form of a special reverse-salary bonus far higher than could otherwise be expected...

Eric Short

FINANCE & THE FAMILY

ABBAY NATIONAL has another unpleasant surprise in store for some of its account holders. As part of the flotation package, Abbey pledged that children under 18 years old who were not eligible to vote and therefore did not receive the free shares would instead receive compensation equivalent to 5.8 per cent of the sum held in their account at the end of 1988.

Some children, therefore, with large amounts on deposit will receive a substantial sum to be paid in November. But not all, as Elaine Bailey, of Notting Hill, London, discovered to her dismay. Her daughter, who is 17 years old will receive nothing in spite of holding a "minor

John Edwards on the latest Abbey National losers
Kids miss the habit

account" with the Abbey since July 1984.

The reason she will receive nothing is that the Abbey insisted, when the account was opened, that it had to be designated in her parents' name as she was too young to operate the account. It was recognised, however, as a "minor account" and over the years she has regularly been sent details of the latest Abbey special offerings for children, such as the Abbey Severcherable used to woo younger investors.

When the flotation came, however, because Mrs Bailey's name appeared first the account was assumed to be hers. Since Mrs Bailey already held two other accounts with the Abbey she simply received the basic allocation of 100 free shares and her daughter gets nothing.

Mrs Bailey is very unhappy. She says the Abbey gave her no choice and forced her to put her name on the account, even though it was acknowledged that the account was a separate one for her daughter.

children; effectively parents were made trustees of the account.

Under the rules of the flotation, which were not fixed by the Abbey, trustee accounts were treated as single accounts. If Mrs Bailey had not held any other account with the Abbey, then she would have received the benefit of the 100 free shares.

He added that it gave the Abbey no pleasure not to be able to pay Mrs Bailey's daughter, but it had to abide by the rules laid down under the 1986 Building Societies Act.

Around 1m children under 18 hold Abbey National accounts. Some will receive an extra bonus next month - but not Mrs Bailey's daughter.

Eric Short eavesdrops on insurers and the taxman
Behind closed doors

THE INLAND Revenue and the Association of British Insurers are currently negotiating the taxation of life contracts.

As usual, these negotiations are held behind closed doors. The consumer is excluded from the deliberations and has to rely on the association to look after his interests.

Under these circumstances, it is not surprising that rumours are saying the Revenue plans to clobber the investor.

In particular, there are fears that the Revenue will remove the qualifying status on regular premium life contracts, so that all life policies issued in future will incur a higher rate of tax liability when they are cashed in.

There were sound reasons for adopting such a gloomy attitude.

Last year, the Inland Revenue issued a very strong document setting out proposals to completely change the system by which the life companies themselves were taxed, claiming that life companies paid too little tax. The association successfully fought off this challenge.

This year's changes to life company taxation in the 1989 Finance Act are numerous, mainly technical and will have little impact on the overall tax bill. However, the Chancellor, in his Budget speech, stated that the Revenue would be conducting a thorough review of the taxation system on life policies.

It was felt that the Revenue would switch its revolutionary zeal to the investor, by imposing taxes on policies or withdrawing tax concessions. The ending of tax relief on life premiums are still a vivid memory. It appears, however, that the Revenue came into the talks like lions but are going out like lambs.

All indications are that changes will be far less severe than feared and will aim primarily to reduce the Revenue's administration, rather than increase its take from investors. There are three main features on which the negotiations are concentrated - qualification, switching and the withdrawal facility.

Qualification

Currently regular premium life contracts which fulfil a set of complex conditions are classified as qualifying policies. If these conditions are fulfilled when the policy is cashed in, then the proceeds are free of all tax.

Non-qualifying policies are subject to tax, but the proceeds are paid free of tax on death claims, or if the contract is in force for at least 10 years before it is cashed in.

The Revenue has to certify whether a life contract fulfils the qualifying conditions - a task it is finding increasingly onerous.

One of its main problems concerned classifying contracts with complex options. They might start as qualifying policies but lose their qualification if certain options were exercised.

The proposal now is to end qualification and replace it by an exit charge when a policy is cashed in.

The exit charge would simply be a higher tax charge on the profits. There would be no

as complicated as explaining qualification.

Switching

Currently, investors in linked life contracts, regular or single-premium, can switch some or all of value of the contract between different funds without incurring a tax charge. In contrast, if they switched funds by cashing in one contract and taking out another, they would face a charge.

For example, if investors change unit trust holdings, they incur a capital gains tax liability.

The Revenue is unhappy with this tax-free switching facility on life contracts and wanted to change the rules so that any switch would incur a tax liability on the exit charge considerations.

The association is arguing against this on the grounds that switches are made on a bid-to-bid basis, and the bid price already contains a charge for capital gains tax liability.

Withdrawal

Linked-life bonds are non-qualifying policies so that there is a higher-rate tax liability on cash-in.

For nearly two decades, investors holding linked life bonds have been able to withdraw up to 5 per cent of their original investment each year for a maximum of 20 years and defer any higher rate tax liability until the contract is cashed in.

This facility is an important tool to advisers in financial planning for high net worth individuals, and the Revenue is proposing to end it.

It is urging life companies to design their contracts as clusters of small policies. When the investor wants to take income he simply cashes in a number of complete policies and has an exit charge assessed on each policy at the time of cash-in.

It is extremely difficult for the association to present a rational case for the retention of the withdrawal facility. The outcome is therefore very much in doubt.

The Government's intention is that changes in policy tax will take effect from next January. So if this timetable is to be kept a statement on the changes will have to be made by Peter Lilley, Economic Secretary to the Treasury, before the year-end.

It appears that while the Revenue entered the talks like lions, they will be leaving them like lambs

tax levied if at the time of encashment certain conditions have been met. The conditions would largely be the same as the existing ones for qualification, with some tidying up.

The main difference is that the decision as to whether or not a tax charge is incurred will be made at the time of encashment - when the life company can look at the history of the contract and decide whether the conditions for tax exemption have been met.

The Revenue wants to base this assessment on the rules in force at the time of exit.

This proposal was strongly resisted by the association, which argued that the investor must know the rules that will apply to his contract at the outset.

The life company will inform the investor and the Revenue at encashment whether an exit charge is applicable. It is then a matter for the investor and his tax inspector.

One thing seems certain. Explaining the conditions of the exit charge is going to be

Banks to show costs

THE HIGH street banks are to start telling their customers more clearly how much their services cost. This week two of them, Barclays and NatWest, said they will be issuing a comprehensive list of charges for personal customers towards the turn of the year - something they have never done before.

Their move reflects growing pressure on banks to be more explicit about their charges, many of which seem to be arrived at by mysterious ways.

NatWest is in the process of compiling a tariff which will be distributed to customers with their December bank statements.

Barclays Bank has embarked on a review of its charges in order to standardise them throughout the group. It then intends to publish a tariff early in the New Year.

Lloyds is also drawing up a list of charges, but was unable to say exactly when it would be ready. Midland said it already published most of its charges, but not all those listed by other banks.

Barclays' tariff will cover accounts which are overdrawn without permission, and services which result in extra work for branch staff, such as stopped cheques, branch drafts, safe custody, telephone authorisation, photocopying and special presentations.

Seymour Fortescue, the director of Barclays UK retail banking services, said: "The review of personal sector charges will further the progress of providing a fairer, more open and more responsive service to our customers."

Pressure for more openness from the banks has come from a number of quarters, including the recent report of the Jack Committee on banking practices, and the Which? report on personal banking.

David Lascelles
Banking Editor

Budget concession paves way for larger annual trust contributions
A PEP to beat the taxman

A LOOPHOLE in the regulations of personal equity plans is being used by River & Mercantile to introduce a new type of PEP offering considerable advantages over the conventional model.

The scheme, launched this weekend, has found a way round the PEP regulations, which allow only half (£2,400) the permitted maximum of £4,800 per person to be invested in an investment or unit trust.

The loophole discovered is the concession, introduced in the Budget with privatisation issues in mind, that shares in new issues can be transferred into a PEP within 90 days of the allocation date.

Investment trusts are essentially shares quoted on the stock exchange like any other company, so the launch of a new trust qualifies as a new issue. Therefore by taking up shares in the public offer of a new investment trust you can allocate up to whole permitted maximum of £4,800 (£9,600 for a married couple) into a PEP.

River & Mercantile, which has led the way in the introduction of split capital investment trusts, has come up with an Extra Income Trust for the PEPs that provides a high income, with an estimated gross dividend yield of 10 per cent in the first year.

Since PEPs' income and capital gains are tax free, this means you will be able to earn 10 per cent net, which is competitive with a building society or bank deposit, but at the same time you have prospects of capital growth from the portfolio of shares held by the trust.

The Extra Income Trust, launched today, offers a high yield - which is two and a half times higher than the historic yield on the FT All-Share Index - by an unusual mixture of the trust's £50.5m capital. It has pre-placed zero coupon debenture stock worth £19.1m and share warrants worth £1.2m, leaving £30m to be raised from the offer of ordinary shares at 100p per share. Of the £30m ordinary shares, £2.5m have been sold through placements, leaving £27.5m on offer to the public.



Vivien Gould, director of River & Mercantile Investment Management

new PEP schemes. One, the River & Mercantile Investment Trust PEP, will invest wholly in the Extra Income Trust and provide a yield of 10 per cent.

Alternatively a more balanced portfolio will be offered by the River & Mercantile Managed PEP, which will invest both in the Extra Income Trust and an average of three UK shares, selected and managed by the company. It will have an estimated initial yield of 6 per cent gross.

To sweeten the pill still further, River & Mercantile is reducing its initial charge from the normal 3.75 per cent to 0.75 per cent for PEP applications made at the same time as the applications for shares in the Extra Income Trust.

There is no limit on the number of shares that can be applied for in the new trust, but if the issue is oversubscribed preference will be given to those applying for the PEPs as well.

Vivien Gould, a director of River & Mercantile Investment Management, which currently manages four trusts and has some £200m under management for 12,000 investors, confirmed that the Inland Revenue had given the scheme formal approval in writing, after top-level discussions. It complied with the Government's wish to widen share ownership and the group would be sending out free annual reports to investors.

John Moorhouse, director of Reyker Securities, which specialises in "investors choice" PEPs, said that the River & Mercantile scheme should give a considerable fillip to investment trusts, since it meant that unit trust groups, which had led the way so far, had been left out in the cold. They were still restricted to only £2,400 since new unit trusts were not shares on public. It should intensify pressure on the Government to allow the total PEP investment to go into collective funds, as a way of encouraging share ownership with reduced risk.

J.E.

Building societies optimistic

CONFIDENCE is returning to the housing market, according to the latest figures from the Building Societies Association.

During August, net new mortgage commitments by societies rose by almost £500m in August to £4.32bn. Although comparisons with a year ago are meaningless, since the Abbey National has been excluded from the figures for the last two months, the Halifax confirmed higher levels of both inquiries and completions.

Money received by building societies dipped, with net savings falling to a low level of £621m.

The BSA said, however, the decline was in line with expectations and reflected the result of record sales of G registration cars.

The societies are confident that they will not be forced to raise interest rates, which would put pressure on a rise in mortgages as well, in spite of intensified competition for retail investment funds from the clearing banks.

Framlington: a pause for thought

John Edwards on the infighting at a top investment group

THIS ANNOUNCEMENT that Bill Stuttford plans to resign as a director and chairman of the Framlington group must give investors pause for thought. If you think that a harmonious atmosphere is the best way for fund managers to operate effectively, then Framlington is not for you.

On the other hand, in spite of internal infighting, the performance of the group remains good; assets under management have grown and its unit trusts have maintained one of the most consistent track records over one, three, five and 10-year periods. Most of them are currently on an "after" basis suggesting that sales are holding up, in contrast to many other groups.

Nevertheless, the timing and the reasons behind Stuttford's resignation, provide further evidence that Framlington remains in a state of turmoil after the extraordinary takeover battle last year which ended in the group being taken over in April 1988 by the Throgmorton Trust, its affiliated company, in the teeth of fierce opposition from the Framlington Board, led by Stuttford.

Stuttford made it plain after losing the takeover battle that he intended to resign in the not too distant future and would only remain chairman for the time being. In some ways bearing in mind the sharp, and often personal, attacks on the Throgmorton directors during the takeover battle it is surprising he has remained for so long. He has, however, been tied in by an agreement made before the takeover, and a separate contract that means he cannot leave for 12 months.

Several of the original Framlington fund managers, who were partners of the Lawrence Prust stockbroking firm and have similar agreements that expire in May 1991, have also made no secret of the fact that they dislike the changes in management being imposed by their new masters at Throg-

morton Trust.

Framlington over the years built up a reputation as a group with close personal rapport with its investors and Stuttford, who has just finished a two-year spell as chairman of the Unit Trust Association, is very much associated with that image. He has been personally responsible for managing the group's first, and biggest, fund the Capital Trust formed in 1969 which has provided the cornerstone for the unit trust group over the years.

Since the takeover there have been persistent stories of hardroomed disagreements, with the "old guard" directors opposing the changes proposed by the new brooms. A crunch came recently when it was decided to dismiss Patrick Evershed, one of the group's most vocal critics of the Throgmorton style.

One director Anthony Milford has resigned from the board in protest, although he is remaining as an investment director.

It also upset Stuttford, who then announced his impending resignation at a time which could hardly have been worse for the parent company.

Stuttford's decision to go follows hard on the heels of the resignation in August of Throgmorton's former chief executive Bob Seabrook, at the age of 64, on grounds of ill health. This coincided with the news that the Department of Trade and Industry was investigating the sale of large blocks of shares in Acatos and Hutchinson, edible oil manufacturers, not long before that company reported a surprise setback in profits and the share price declined sharply.

One of the sellers was Seabrook, who was a non executive director of Acetos & Hutchinson, and had a family shareholding in addition to the shares held by Throgmorton. He claims that the DTI enquiry will completely vindicate his statement that the sale was purely for "tax reasons" (it was made just before the end of the



Bill Stuttford

fiscal year), but it may be some time before the results of the inquiry are known.

Meanwhile, Throgmorton's reputation as a highly successful investment group took a battering when it was disclosed that its acquisition of a 23.4 per cent stake in International City Holdings (ICIH), a financial services group, turned out to be something of a disaster following a sharp fall in the ICIH share price. This raised doubts in the City as to whether Throgmorton had lost its previous magic touch.

With the smaller company sector in which Throgmorton and Framlington specialise, underperforming the rest of the UK market, it is hardly surprising that the share price has taken quite a tumble.

Paul Loach, managing director of Framlington and joint managing director of Throgmorton Trust, admits there are bitter internal disagreements that have come to light at an unfortunate time. He says, however, that they have not affected the performance of the group which is being reshaped

into a more efficient organisation.

Throgmorton believes that Framlington had to change and move with the times if it was to survive and prosper in the more competitive world nowadays. It was no longer good enough to rely on business from Uncle Charles' friend or a vicar in Carlisle with a first class degree in mathematics - the hypothetical model Framlington investors.

The intention was to build a proper investment team, underpinned by an efficient back office administration, rather than rely on individual superstars. The October 1987 stock market crash had illustrated the dangers of relying too heavily on the individual private investors and Framlington faced the problem of being an awkward first partner. Since the take-over the funds under management have increased from £1.85bn. to £2.5bn, with unit trusts accounting for some £630m, although much of the increase is probably accounted for by the rise in the stock markets over the past year.

A five-year reorganisation plan has been drawn up with the intention of boosting the funds under management to £5bn as a prelude to redoubling Framlington on the stock market in a few years time.

Several of the "old guard", he admitted, were unhappy with the new approach, but there had been no exodus of fund managers. Out of the original eight Laurence Prust partners, only two had left and meanwhile they were building up a team to back up the individual fund managers. Meanwhile Loach confirmed that one policy they will continue to keep their unit trust charges at the bottom end of the scale, in spite of predictions that they would be raised under the new management.

Stuttford's resignation might mark the end of an era, Loach concedes, but it was only a change in style of the way the group was run.

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FINANCE & THE FAMILY

THE WEEK AHEAD

A sad chapter from B&C

NEXT WEEK'S saddest tale may come on Wednesday from British & Commonwealth Holdings, the financial services group headed by John Gunn...

begins to sell operating subsidiaries, especially at bargain prices, the outlook for its ultimate survival in one piece must be in doubt.

Wednesday's figures from Tesco, the food retailer, for the 24 weeks to August 12 are likely to show a much stronger volume background than in the summer last year.

of improved demand from commercial and conference customers. Paris should also see a recovery, courtesy of the Revolution bicentennial...

RESULTS DUE

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year.

INTERIM DIVIDENDS

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings, Dividends per share.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit, Interim Dividends.

THE QUALITY OFFSHORE GILT INVESTMENT

Kleinwort, Benson Gilt Fund Limited has established a fine, long term record for producing a high level of income whilst still increasing investors' capital.

The Kleinwort, Benson Gilt Fund has achieved this top class record by an investment strategy which concentrates on British Government Securities.

Capital Ventures Limited "still the leader in performance" (BEST Investment, May 1989) offers BES INVESTMENT IN COMMERCIAL PROPERTY BRISTOL COMMERCIAL DEVELOPMENTS PLC

The company will develop commercial and industrial property in and around Bristol. Its first site, for high quality offices, is adjacent to the M4 / M5 interchange.

Please send a Bristol Commercial Developments plc prospectus. Name: Address: Post code: To: Capital Ventures Limited Rutherford Way, Cheltenham Glos. GL51 9TR

A mixed trading picture is expected to emerge in half-time results from Fosco, the specialist chemicals and abrasives group.

A strong performance is expected from the Middle East construction activities, diamond products and foundry businesses.

An unusual link between a futures broking group and a specialist financial services company was announced this week.

Share deal service stopped

Leopold Joseph, London merchant bankers, are launching an ethical portfolio management service. The service, aimed at investors who wish to avoid either general or specific areas of ethical or environmental concern.

New personal equity plans (PEPs) have been launched by stockbrokers. Cobbold Roach, and the National Investment Group. The Cobbold Roach self-selected portfolio, which allows you to choose your own shares, has no front-end charges.

Myson Group, the boiler and radiator manufacturer which attracted rival bids from Blue Circle Industries and Yale and Valor, will unveil half-year figures on Monday.

MB Group, the central heating and security printing rump of Metal Box, will report its interim results on Thursday.

Redland publishes its half-year figures on Thursday. Investors will have taken comfort from recent results from Steedley, CH1 and RMC, which have similar strengths.

Redland publishes its half-year figures on Thursday. Investors will have taken comfort from recent results from Steedley, CH1 and RMC, which have similar strengths.

Offers for sale, placings and introductions. Bire Group is to join the main market via a £10m offer for sale which values the company at £70.2m.

FINANCE & THE FAMILY

State could force sale of parents' home

AROUND 2 1/2 years ago, my wife and I put up £25,000 to buy a £50,000 house in South Wales for my parents. The remainder of the money came from the sale of their only property. The present estimated value of the house is around £160,000 and is their only real source of capital.

My wife and I have lived in Germany for 10 years and will remain at least as long again. I am regarded as not being resident in the UK but my wife is, as she is not occupied professionally. The house in which we lived previously is retained for letting and is in our joint names under mortgage.

3. Yes, if the saving of capital gains tax is her primary objective, but she could lose a valuable asset if she is not compensated properly. However, we doubt if your wife is resident in the UK; regular visits averaging less than three months would not make her resident here.

House for a daughter

MY DAUGHTER is getting divorced and wishes to return to this area with her two children. My husband and I would like to help her get settled and could afford to do so.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in this column. All enquiries will be answered by post as soon as possible.

Allowance on interest

MY DAUGHTER bought a house via a mortgage when she was single and employed. She married recently and has given up work because she expects a child. She has little taxed income but the property and mortgage are still in her name.

Selecting a pension

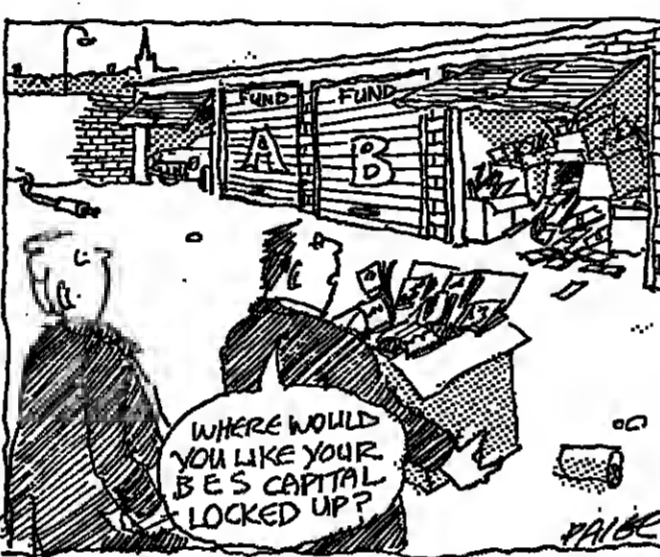
I TAUGHT in this country from 1960-71 and have pension contributions for this period to my credit. Between 1971 and 1988 I was abroad, but have now returned to teaching for a local authority.

enable you to obtain an index-linked pension with an index-linked surviving spouse's pension. You may be able to buy some of these lost years by paying contributions during your remaining seven years, which are eligible for tax relief.

Another factor is the rate at which your salary is likely to increase between now and retirement. Do you expect to tick over and move with the mark, or do you have reasonable expectations of finishing your career in a more senior position?

Heather Farnbrough reports on a taxing dilemma for assured tenancy issues. Property slump hits BES investments

AS A FRESH flood of Business Expansion Scheme prospectuses washes over investors' doorsteps, existing shareholders in assured tenancy issues are beginning to ask what happened to all the money they forked out before April this year.



raised last year has been invested. The capital raised for Metroland was fully committed prior to launch, while the controversial Liverpool Constellation scheme has invested half of the £5m it took in.

both rent and prices. Johnson Fry says that it is collecting rents ranging from £20 a week to £200 and that most properties have been let. City North Properties, a London company, expects rental demand to remain strong and occupancy levels to stay at around 100 per cent.

Lorimer steers investors down a different road

A BUSINESS Expansion Schemes with a real difference - and more than a dash of ingenuity - is being sponsored by a London firm of solicitors, Lorimer & Co.

top rate of income tax was 60 per cent. Since you are borrowing money to buy the trucks you will almost certainly make a loss because of the interest payable, but the interest is also tax deductible.

be wrong he has taken out an insurance policy that provides most of the tax benefits that would otherwise be available. The minimum sum to be raised before the scheme can go ahead is £112,000.

two West End theatre producers, Bruce Hyman and Harvey Kass. Its first production is David Mamet's comedy *A Ruff in the Theatre* starring Deborah Elliott. It is scheduled to open in London at the end of October after playing at least three weeks out of town, starting in Brighton.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Category, Quoted rate %, Compounded return (at 25% and 40%), Frequency of payment, Tax (see notes), Amount invested, Withdrawal (days)

THE NETHERLANDS. The Financial Times proposes to publish this survey on: 19th October 1989. For a full editorial synopsis and advertisement details, please contact: Mr Richard Willis on (020) 23 94 30/22 56 68

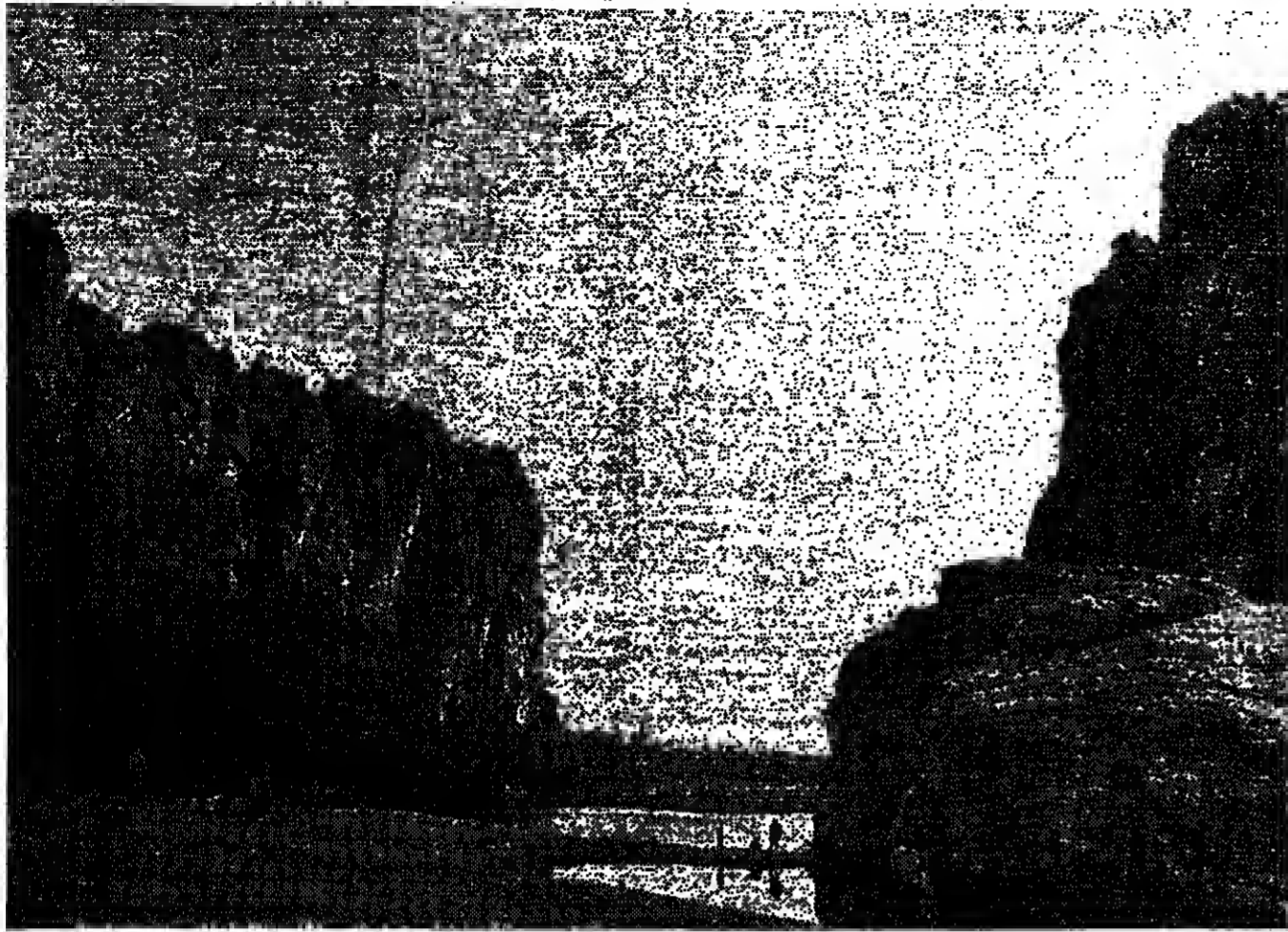
I&S OPTIMUM INCOME TRUST PLC. Early in October a new public company is to be floated on The Stock Exchange. This new Company is an Investment Trust where the number of Shares is fixed and the offer period will be restricted to only two weeks after the launch.

The Second Alliance Trust PLC. YEAR ENDED 31ST JULY, 1989. EARNINGS. Earnings are 22.3% higher than last year, when the dollar was weaker and interest rates lower. DIVIDEND. An increase of 25% in the final dividend is recommended.

Further details and a copy of the report and accounts may be obtained from the Secretary, The Second Alliance Trust PLC, Meadow House, 64 Reform Street, Dundee DD1 1TJ (Tel. 0382 201700). Please also send details: 1989 \$3,000 PEP, \$4,800 PEP (when available)

TRAVEL

Wildside Special: Julia Berney, fortified by some real bush tucker, wanders through the Dreamtime of Australia's Top End



Windjana Gorge in the Western Kimberleys

Acne on the earth's face

KUNUNURRA CAME up through the plane window like an oasis. Suddenly the brown hills revealed lagoons where the pelicans sat, banana plantations, paw-paw and rock-melons in a sheet of bright rectangles. Up there at the Top End, Western Australia's first town after the Northern Territory border feels lush even in dry winter.

First we crossed undulating country bristling with giant gold pinnections of spinifex grass. Budgerigar flocks flew between silver box trees. Everywhere stood red termite mounds, tall as men and shaped with heads and necks. They resembled people swathed in headdress.

The Fitzroy River flows through Galka Gorge, fringed by paperbarks, red gums, coolibahs and sandalwood. Our boat passed close by freshwater crocodiles and snake-birds. When the engine was cut, there was echoing birdsong and the loud plop of dripping water.

Vegetation ceased. There was only the stony floor. For 20 minutes we walked into the centre of the earth, until the gorge was just a metre wide with perpendicular walls shooting up to a silver of sky. The silence was profound: no wind, no birdsong.

At night, under a cold moon, Joe, in white overalls, rocked slowly on a camping stool and told stories from the Dreamtime. We slept on the verandah of the homestead, relic of an abandoned cattle station, with crushed termite mound walls and gaps under the rafters through which bats entered the empty rooms.

South east of Eva we visited the Barunga settlement. Large black cockatoos with red tail flashes were scavenging the township's rubbish tip. Beneath a tree surrounded by dogs, stood David, a maker of didgeridoos - he uses scarlet gum which the ants have hollowed. With his toes in the dust, he seemed rooted to the spot.

At present the Eva Valley Aborigines are domesticating wild water buffalo. These hefty beasts have become a problem in the Northern Territory, particularly near the coast where the swim-channels they create during the rainy season cause valuable wetland habitats to drain into the sea.

Smoke is one highway hazard: the other is road-trains. Over-taking one of these giants with three semi-trailers - fuel tankers or double-decker stock-pens - or meeting it on a single-lane road can be so daunting for motorists unfamiliar with the problem that an advice booklet is available, entitled "Mixing with Monsters."

Aboriginal artist from Australia's Northern Territory. The image shows a person in traditional attire, possibly a dancer or performer, in a natural setting.

When the engine was cut, there was echoing birdsong and the loud plop of dripping water. The gorge walls, an uplifted Devonian reef, have been flood-eroded into fantastic white arches where fairy martins build bottle-shaped mud nests, and fluted shafts that hang entirely unsupported.

At camp we found the fire lit and the raw stew standing beside it. The settlement was silent. The fish and goanna were absent. There seemed two possibilities: either the fishermen's truck had got bogged at the riverbank, or the hunters had found their goanna irresistible and scooped it and the

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A crouton in the soupy sea

"FLAMING SAILED past it. Dampier never noticed it. Flinders didn't see it," says the brochure of Cockatoo Island. Entrepreneur Alan Bond, however, saw its potential as a holiday resort which, since opening last April, has become one of the most publicised and romanticised destinations in Western Australia.

It is a place to wallow like a dugong in eucalyptus luxury. The point at which hedonism melts into decadence is too much like hard work to define. You do have to be prepared to mix with the island wildlife, including the cockroaches - "they are quite harmless," cooed our hostess, eyeing them lovingly.

He was delightful actually, a welcome intruder. I woke with mosquitoes mobbing my face; the rooms have no fly screens. Maybe there is no place for something as ugly as flywire in paradise.

He and most of the men, on the facing hillside, enjoyed what was known at all Outback mines as SBRAM - Shit House Rooms and Meals. Privacy was minimal. Being hunt, he used no euphemisms to explain this.

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Brumbies and cockatoos on the lost horizon

GREEN ANTS, which taste distinctly lemony, make insubstantial elevenses. This I discovered at Eva Valley, east of Katherine, in Australia's Northern Territory.

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Eva Valley Aborigines are domesticating wild water buffalo - problem beasts in the Northern Territory

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TRAVEL/MOTORING

Sharon and the satyr on the Greek postcard

Mud-wrestling on Corfu can be difficult to avoid. Nigel Spivey tells how he managed to give it a miss

Sharon says welcome. Sharon says beware of the mozzies and beware of the sun even when it's behind clouds. Sharon says, boys beware of the Greek police: they're well-armed, and prone to roughing up anyone suspected of causing "a bit of a ruck" in the local bars. Sharon says, girls beware of getting mud-trapped in your bikini gussets. It's a terribly embarrassing, Sharon says.

I had taken the package precisely to get away from that age-group: to escape teaching duties in order to finish a book, a finishing-off operation that demanded no more than being absent from one's usual haunts for a few days. This Corfu deal had seemed just what was needed.

The proprietor and his wife were a tolerant pair. They had a lot to be tolerant about. Their premises completely indulged the needs of British and Scandinavian youth. There was a bar which stayed open throughout the night, with non-stop music supplied, and a swimming-pool which also had a bar adjacent and its own loud, continuous supply of music.

Well, by mistake. Nevertheless, I got the work done. Greek cafes are easy places for scribbling. No-one charges you for sitting down, there is never any shortage of tables and chairs, and a goblet of ouzo at one's elbow does not impede the flow of words. I was diurnal in so far as the nocturnal group saw anything of me, they probably thought me a terrible pig or hare.

What I saw of them mildly intrigued me. Girls preponderated, but the boys made up in noise what they lacked in numbers. The girls had top-knots, the boys tattooed forearms. Both sexes seemed bent on drinking as much as possible. It is doubtless unnecessary to specify their preferred drink as lager.

The local beaches were grey and populous: none of the group ever rumbled my hide-out at Kalami (where Lawrence Durrell had his place) or Paleokastriza - its coves contain the most genuinely aquatic marine waters I ever saw. To reach Paleokastriza meant a bus ride across the interior, a reminder of what divided ancient Corfu and other Greek islands have become.

Interior Corfu is a landscape of olives and cypresses, animated by stumpy peasant figures. No more poignant an illustration of island schizophrenia could be contrived than the contrast between the ancient coastal holidaymaker, in scanty or fluorescent gear, rippling around on a hired motor-cycle, and the black-clad native of the interior, saddled on a donkey and plodding

through an olive grove. Grains of the earth's salt stray into Corfu town, to buy such comestibles as they cannot grow. Corfu town does have some shops in whose enclaves coffee is temptingly roasted. But what strikes one most is that all the other shops sell rubbish, and remarkably homogeneous rubbish. Finding a postcard worth sending was a proper challenge.

Primitive calm

WHAT HAVE surgeons, butterflies, grunTERS, cardinals, squirrels and damsels got in common? Answer: they are all found alongside cones, mitres, volutes, olives and turbs. The first group are tropical fish, along with anemones, angel-fish, groupers, puffers, snappers, sea horses, scorpionfish and Neptune knows how many other marvels of shape and colour.

terious underworld. I also liked the simplicity of the basic equipment - goggles and flippers. The charm of these tropical fish is partly that their wildly inventive shapes and colours never occur like this above water. For these are not the minute darting denizens of domestic fish tanks, although they were there too. These were water-thin yellow and black bodies trailing wavy fins and tails, hatched pink and yellow harlequins with imperturbable eyes, all-black oval fish in large schools parading one dazzling-white spot at the root of the tail. Neerer the surface huge parties of silver and green silvers of fish skirted and swirled as if coordinated by a master computer.



didn't see any, lurked the larger species - six types of shark, five barracudas, marlins and rays, four tunas and three swordfish. The higgledy-piggledy bottom is an extraordinary landscape in itself. Seemingly, coral has encrusted the volcanic reef that fringes the archipelago of 300 odd land masses that compose the Andaman and Nicobar Islands. There is a multiplicity of growth forms. Smooth drums of coral resemble watch-towers hanging over the precipitous battlements which disappear into the misty blue deeps.

ices and, as your shadow passes, their curving mauve lips slowly close. Sausages of fat black sealings litter the floor, and there are sea cucumbers covered with stubby black or snake squiggles away. For a week I visited new coastlines off South Andaman Island, the Cinque Islands, Jolly Buoy and Ross Island, and still there was little repetition in the coral heads or the fish around them. The potential scope for various underwater viewing around these ridge-backed, forested islands, stretching in a north-south axis for 1,000 km, is incalculable.

They are no longer an obscure tropical paradise. Immigration, and India's population explosion, have resulted in the population growing from 25,000 to 250,000 in a few decades. Patchy agriculture, deforestation and ribbon development of corrugated iron shacks give a nasty foretaste of the future.

At present the islands are 86 per cent forest covered in many places by superb high canopy rainforest. These must be among the last untouched homogeneous rainforests in the world. Aware of the fragility and rarity of this precious resource, the Government is prohibiting access to more and more of the Andamans, while all of the Nicobars are out of bounds. Five islands only remain accessible, although it is hard to discover which are open and at what times. Knowledge or accessible information about tree, plant, insect, reptile or bird types seems almost non-existent.

need for almost all the islands' requirements to be imported by ship. Despite the spread of haphazard agriculture in the toe of South Andaman Island, which contains the capital Port Blair, the mixed community of Tamils, Bengalis, Assamese, Burmese and Malays is unable to support itself. Large-scale tree cutting has stopped, and the Andamans' only export is selectively extracted from the magnificently varied range of tropical hardwoods.

These tribes, many of them tiny, are dying out. A 1987 video recording of the efforts of ethnologists to make contact with different tribes ended with a moving sequence as the expedition's offshore boat was bombarded with 7 ft arrows by an angry swarm of dark figures prancing agitatedly on white sand beach, knees bent, arms brandishing spears - a pathetic plea by a self-contained community for privacy and continued isolation.

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The answer, my friend, is blowin' in the wind

Stuart Marshall enters the debate on straw burning and the risk to road users

WHY SHOULD the agricultural industry be allowed to pollute the atmosphere and put road users at risk by straw burning? I asked this question a few weeks ago, having run into clouds of straw smoke drifting like fog across a crowded M1 from nearby fields. Within 61, 32 vehicles had piled-up in Oxfordshire in a smokescreen caused by straw burning alongside the A34.

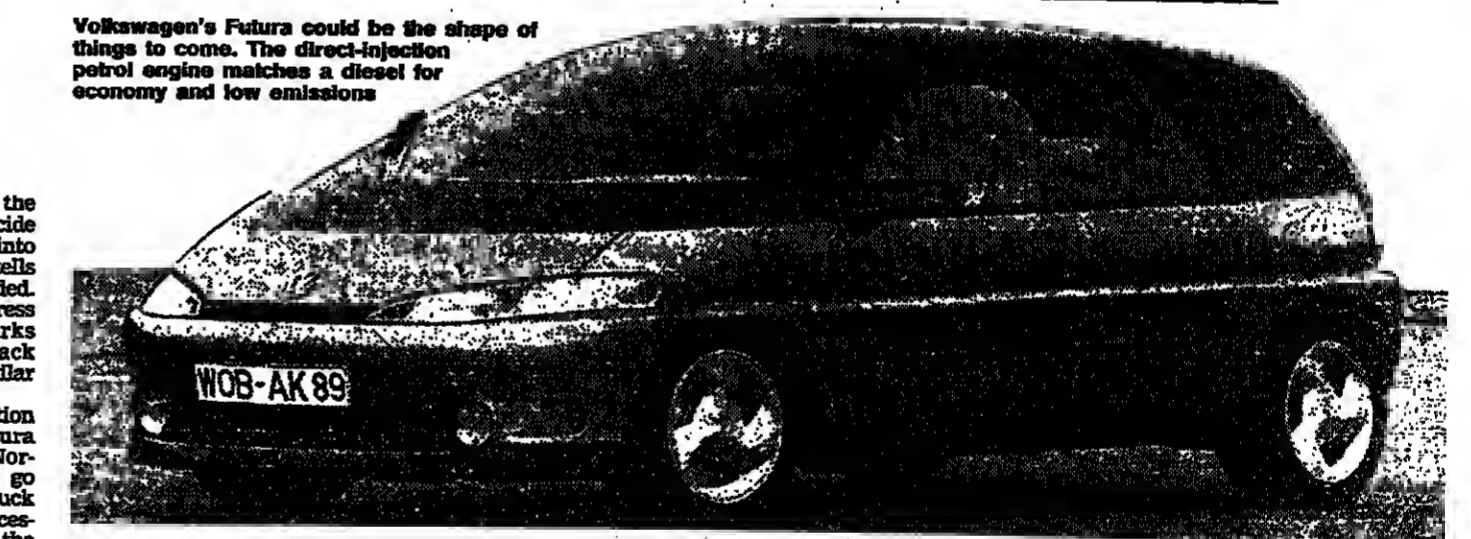
There was a lot of reaction from readers from both sides of the fence. To my surprise, some of the fiercest critics of this environmentally damaging practice were themselves farmers. Among them was Anthony Rosen, of Fenix Farming, Elstead, Surrey. A self-confessed "arch burner for many years," he now feels that straw burning will have to be phased out completely in three years. (It is already banned in some countries, including Denmark, Sweden and Switzerland.)

A good burn, he says, was worth about £30 an acre. Banning burning would hurt farmers who could not plough straw in to the field, but it was a price the industry would have to pay, and a ban would encourage research into uses for straw or alternative means of getting rid of it.

One farming industry magazine commented, apparently seriously, that cars caused more damage than all the straw burning but nobody wanted to ban them. Another publication's column, appropriately named "A dirt farmer's view," thought that straw burning was so useful it should be compulsory. If it seemed inevitable that smoke would cross a road, then the road should be closed.

I have seen the Futura

ELECTRONIC sensors to keep vehicles safely apart on motorways have long been spoken of. Four-wheel steering to improve high-speed stability and low-speed manoeuvrability is here. The car that uses a combination of 4WS and electronics to park itself automatically? No, it is not science fiction, but an exhibit at the Frankfurt Motor Show, the aptly named Volkswagen Futura.



based on the normal 1.7 litre VW diesel. In conventional petrol injection engines the fuel goes into the inlet manifold. In the Futura the petrol is squirted directly into the cylinder, as fuel is in a direct-injection diesel. It is exceptionally lean-burn. A supercharger cranks in excess air which makes the exhaust so clean that only a simple, and almost everlasting, oxidation catalytic converter is needed to deal with hydrocarbon emissions.

Futura's features also include: A body with large areas of special tinted glass that cuts heat radiation by over 60 per cent. Simple, more rugged and potentially cheaper anti-lock brakes. Power-adjusted seats which automatically put seat belt anchorages in the best position for comfort and efficiency.

tion problem... Like the new Mitsubishi Lancers, which went on sale in Britain this week, the Applause is 16-valve engine and may be had with front or four-wheel drive.



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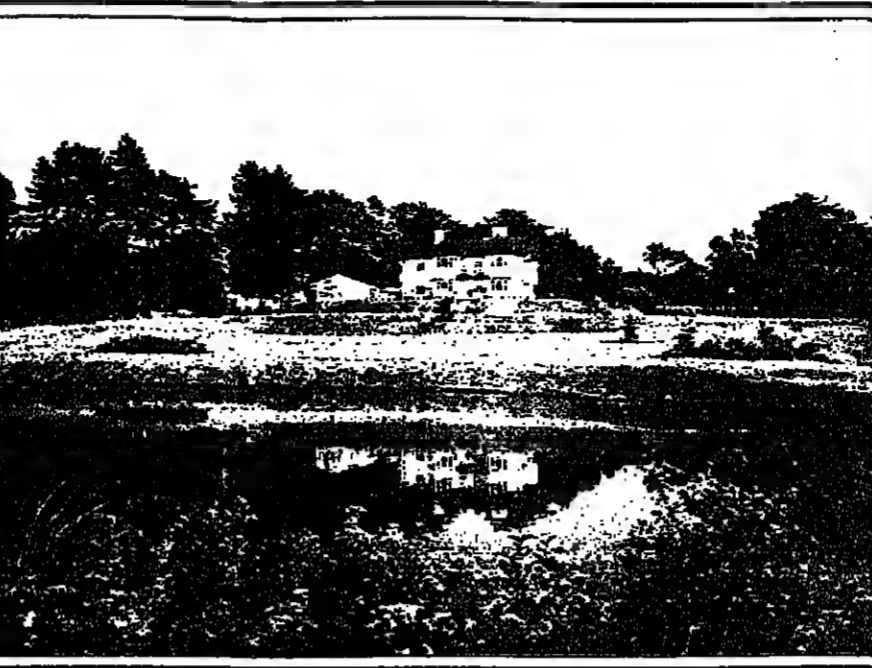
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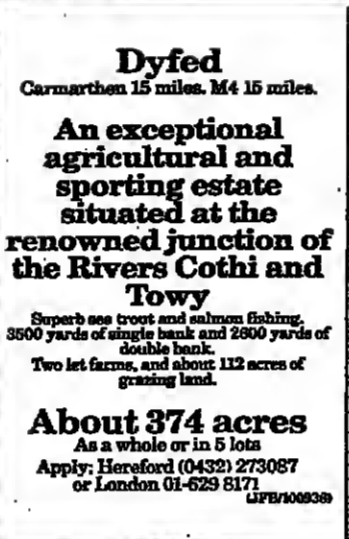
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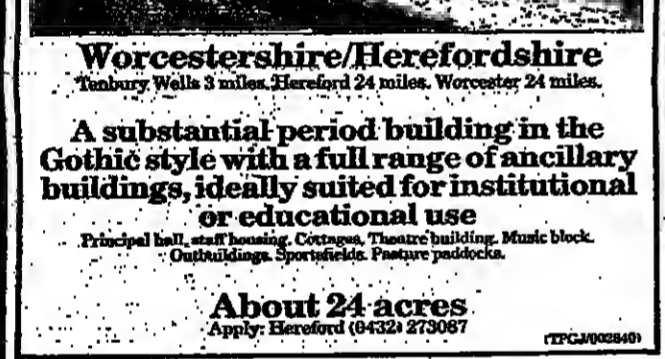
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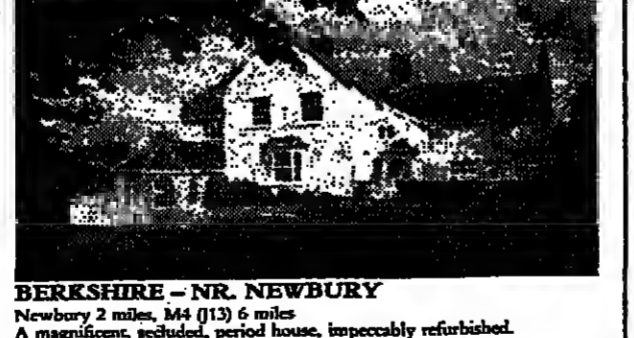
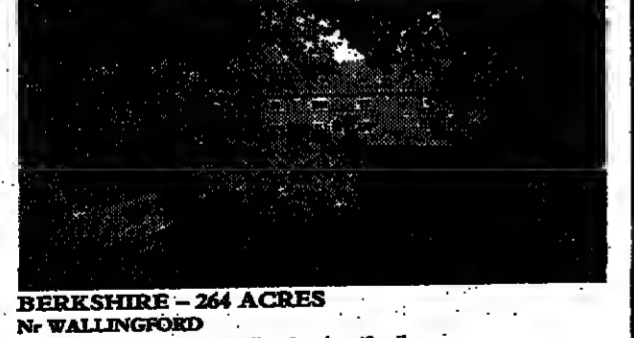
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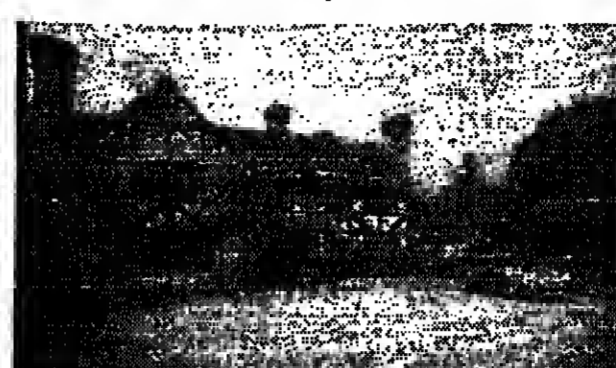
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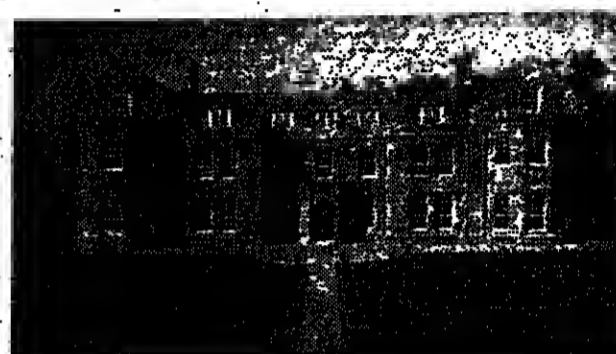
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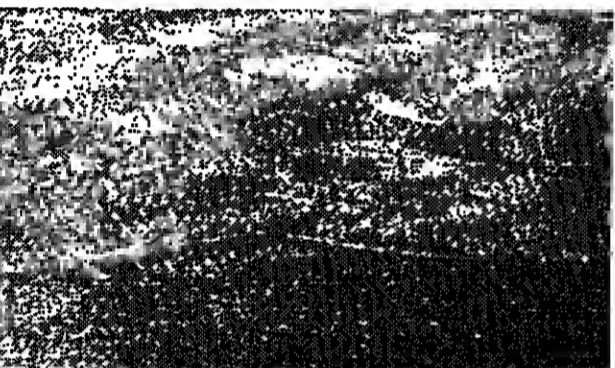
Cheshire, 27 acres
An outstanding Grade II Manor House in a parkland setting with views over its 9 acre lake to the Derbyshire Hills. Also Lordship of the Manor of North Rod.
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houses in their fields.



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8 bedroomed house, coach house with two self-contained flats and parking, 48 foot swimming pool, tennis court, 160 foot covered arena, 15 stables, extensive parking.
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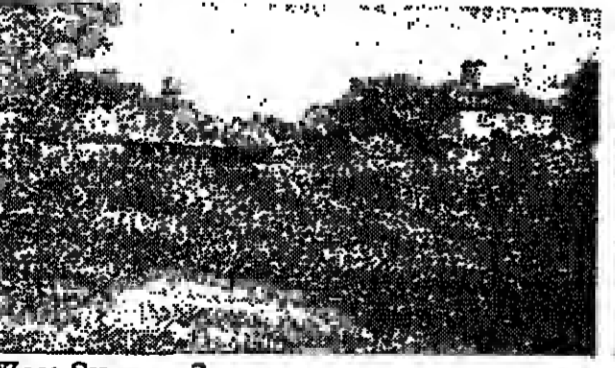
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A most attractive period Cotswold residence in beautiful countryside on the edge of a small village.
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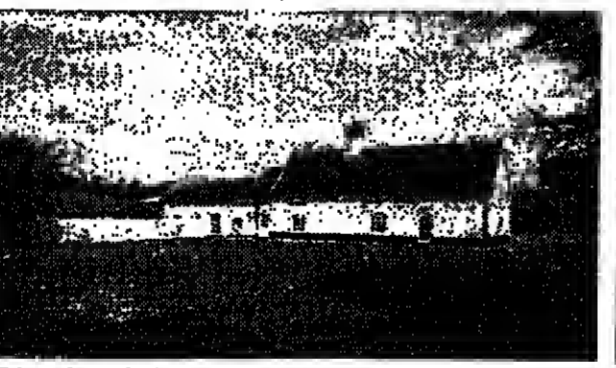
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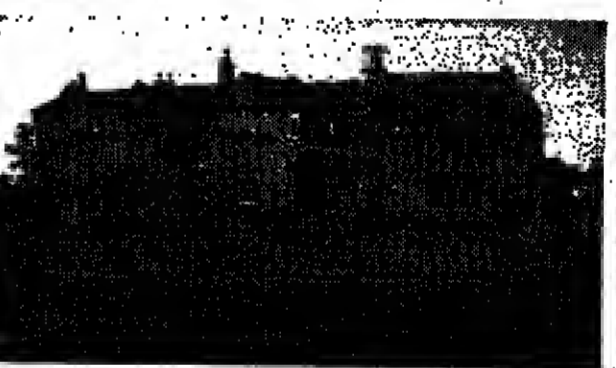
North Yorkshire, 24 acres
Stablesby 3 miles. Middleburgh 7 miles. A19 12 miles.
Langbough Hall, Great Ayton.
An exceptional country house. Listed Grade II, in a parkland setting with lovely formal gardens, ornamental pond and contemporary coach block.
Apply: Darlington. Tel: (0325) 489948.



West Sussex, 3 acres In polo country
A beautifully positioned riverside farmhouse with extensive outbuildings. Sussex barn (with planning).
5 bedroomed farmhouse with staff annexe. Separate cottage. Barn, stabling, stores, bosthouse, garaging, Courtyard, gardens, orchard, paddock.
Apply: Midhurst. Tel: (0730) 812357.



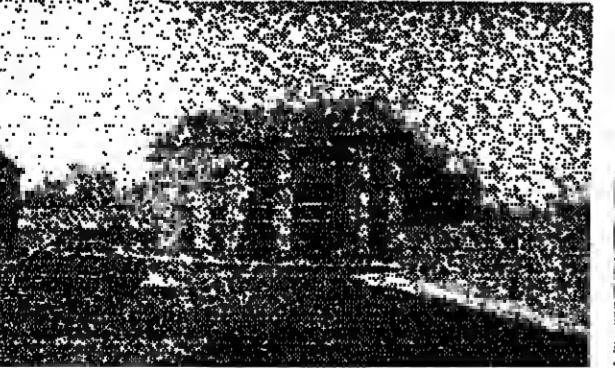
The Saxlingham Estate, 767 acres
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Cotswolds, 11 acres Crimpsfield
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Price guide: £785,000.
Apply: Cirencester. Tel: (0285) 653334.



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6 bedroom house with 4 bedroom flat. Secondary house with 3/4 bedrooms. Tennis court, swimming pool, beautiful gardens.
Price guide: £600,000.
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Joint Agents: Suggs. Tel: (0803) 265454.



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West Sussex, 15.2 acres Near Arundel
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For further information speak to our staff this weekend.

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Just 1 1/2 hours east of Malaga Airport, beyond Nerja, Marina del Este comprises luxury waterfront 2-3 bedroom apartments and penthouses from £90,000.

For more information, contact Amanda Smith on 01-493 8222.

Marina del Este



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To find out more about this golfing opportunity, which involves free membership of the Golf and Country Club, contact Sarah Coombes on 01-493 8222.

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SPAIN

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Reids Gardens is an elegant development of spacious apartments and houses, built in the gardens of Funchal's world-famous Reids Hotel. Reids Gardens faithfully recreates all the values that first drew visitors to Madeira.

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For further information please contact Philippa Green, Hamptons International, 01-493 8222

Portugal Malveira Da Serra Cascais

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- Gardens, garages and swimming pools.
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We are offering a selection of studio, one and two bedroom apartments, with Phase One complete and Phase Two due for delivery in July 1990.

- 800 berth marina
- Excellent watersports
- Award winning beach
- Full management service
- Initial guaranteed 5% rental return
- Furnishing package
- Numerous shops and restaurants
- Freehold prices ranging from £38,000 to £120,000

Port Argelès is easily reached by direct flights from London to Perpignan, Montpellier and Barcelona.

For further information on any aspect of Port Argelès from financing a purchase to marina berth coverings, please contact Caroline Peal on 01-493 8222.

ARGELÈS

An excellent opportunity in Portugal

Western Algarve

£2 Prime Coastal Developments

- Full management and letting services
- Superb sporting facilities
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PRICES FROM £38,000 to £80,000

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In association with Traditional Homes

The winter issue of the Hamptons Magazine, a guide to London, country and overseas properties, is now available free of charge from our head office at 6 Arlington Street, London SW1, any of our offices throughout the UK, or by telephoning 01-493 8222.

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GARDENING

Why some like it hot

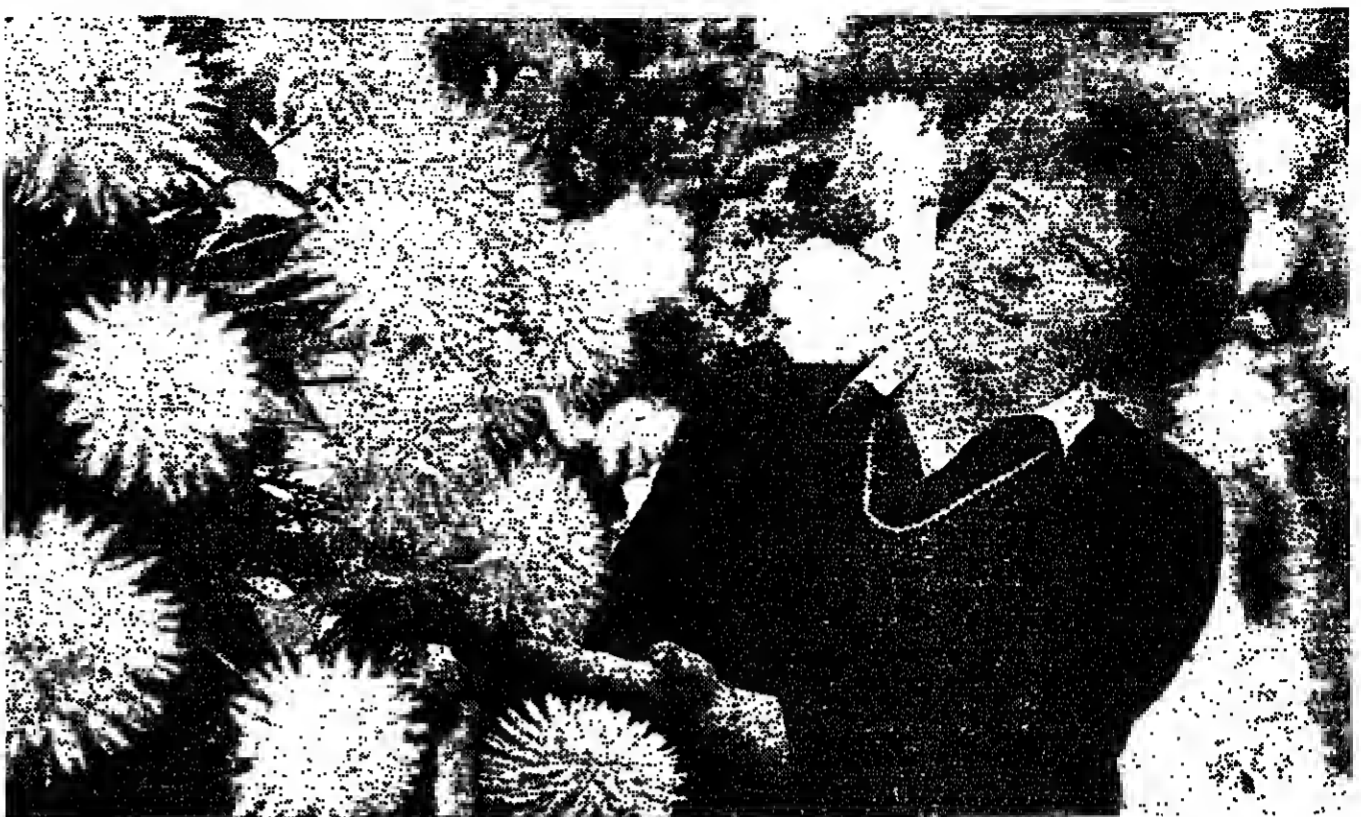
Robin Lane Fox on plants that have thrived in the dry summer

ON TUESDAY and Wednesday we had the Great Autumn Flower Show in the Royal Horticultural Society's London Halls. Fortunately, I was not an exhibitor...

Big plants of Cyclamen Graecum, with their pointed leaves, have flowered as never before and there has been a warm response to the sunshine from the rare variety...

Hopleys, of Much Hadham, Hertfordshire, was showing it: it promised that it was almost as scented as the white form, but it eluded me in a warm afternoon...

range of recent hybrids in the Chinese end of the family; nowadays, there are whites, pale blues, deep blues and free-flowering electric blues...



Julie Aylett, of Aylett Nurseries, St Albans, at the Royal Horticultural Society show

Tony Andrews

the single pale pinks, I agree, but they are all slow starters, needing four years to settle. Notcutts was showing some heavily-berried rowan trees...

agreed. Lastly, a thought for Somerset-lovers, Somerset Postal Flowers, Carew Cottage, Crowcombe, Taunton (tel:08848-314) had mounted a charming stand...

delivered, cost £8.75; eight multi-headed astromerita at £8.75 will last for weeks, while special bouquets go up to £12. The flowers are freshly cut on the day of dispatch...

third-rate service. However, the flowers look cheaper to me than deliveries from most of the high street and bigger florists. You can order by phone and credit card and then picture your order winging off to a friend from the greenest corner of paradise left in this country.

MY ONE large bush of Portugal laurel is fruiting as never before. Until a few days ago, its branches were laden with shining, green, red and black fruits like little beads...

ive. However, enlightenment began to dawn when I turned to Alan Mitchell's Field Guide to the Trees of Britain and Northern Europe. He describes the Portugal laurel fruits as "abundant small berries, red turning black, few maturing on each spike."

A delightful display of globular hips Arthur Hellyer has been stimulated by some eye-catching autumn fruits

Someone is sure to tell me that this presages another mild winter but I doubt it. The two roses that carry the finest crop of hips in my garden are Rosa rugosa, which I grow as a hedge mixed in both its white and magenta flower varieties...

last spring, I was delighted because here at last was a magazine that was both beautifully produced and edited for enthusiastic gardeners. It was even better than the best garden magazines of France and Italy, because it was more intelligent and started with the assumption that readers were already hooked on gardening.

When the first issue of Plants and Gardens arrived last spring, I was delighted because here at last was a magazine that was both beautifully produced and edited for enthusiastic gardeners.



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INTERNATIONAL PROPERTY FENALU DEVELOPMENT OPPORTUNITY IN PORTUGAL - Lisbon, prime corner site on Avenue da Republica. Building to refurbish or rebuild with parking space and an additional top floor. Office and/or residential use. Total area 5,000 sq m.

VENICE 100 yards from Palazzo Grassi 200 sq.m. luxurious apartment, superb view, 3 double bedrooms + single bedroom; spacious living room, terrace, fully furnished. US\$1,600,000.

LE BOLTOLE ON THE BORDER OF MONACO LE GENTILHOMME A SMALL DEVELOPMENT OF PROVENAL TOWN HOUSES with communal garden and swimming pool.

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JOHN TAYLOR S.A. PROPERTY IN FRANCE BRITANNY After 40 years in the care-for occupation of the vendor, an hy-dred minor business industrial estate are for sale with 55 acres and 285,000 sq.ft.

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BOOKS/DIVERSIONS

Fiction

Manipulation of love and death

IN London Fields, Martin Amis tackles the Big Themes - love, death, and darts. Luckily for the reader, it is the last of these concerns which receives the most thorough treatment.

LONDON FIELDS by Martin Amis Jonathan Cape £12.95, 470 pages

millennia, prophetically opening with the sort of ending some of us have just experienced, and ending on Guy Fawkes day. Its narrator is Sampson Young, a dying American author who has come to London to write one final book.

a Bermuda Triangle of love into which all will vanish.

The catch is that it is the murderer who manipulates events. For Nicola Six wants to die. She is tired of living in a loveless, exhausted world, and therefore plans to orchestrate her murder on her 26th birthday.

To do this she seduces both Guy and Keith in an attempt to provoke the jealousy which will goad Keith into killing her. Yet there's a hitch - loveless Keith cares only about his darts. So Nicola betrays him just as he is about to experience his darting apotheosis in the big match against the formidable Chick Purchase.

Amis is at his best in the creation of Keith Talent. Born of the tribe of native Nottingham Hillites who have weathered incursions by blacks and yuppies, he is the perfect product



Martin Amis: demagogically funny vision of survival

of his time. With his reflexive urge to cheat, his pornography, and his dreams of televised darting fame, Keith is well suited to survive in a world without beauty, love, or a future. His language is particularly well-crafted, a verbal stilet of darts scores, product names and "innits".

heart are believable. It is her death wish that seems contrived, that stems from Amis's unsuccessful attempt to bring big themes to bear on his story. Her imaginary childhood friend named Enola Gay, her inability to love on a ruined planet - Amis drapes her in themes like Chanel dresses in an effort to elevate what is at heart a gritty little tale.

Stephen Amidon

Relationship with A Writer

"THAT'S WHAT they do, these people. They embroider, they improve on the truth. They tell lies." So rages Richard Dunnett, the jealous young academic, narrator of The Trick Of It

... I had discovered a new taboo governing mankind - a taboo against intercourse with an author on your own reading list.

The tonal tightrope is superbly negotiated by Frayn in a novel which is just about as perfect a construct as we are likely to read this or any year.

As a novel, it is broken-backed and lumpy. This is not to say that it is not highly readable. Darcy, an Australian lawyer-journalist is persuaded to go to Eritrea to follow a story that Ethiopian arms convoys are disguised as aid deliveries.

THE TRICK OF IT by Michael Frayn Viking £11.95, 272 pages

TOWARDS ASMARA by Thomas Kenally Hodder & Stoughton £11.95, 272 pages

THE VISION OF ELENA SILVES by Nicholas Shakespeare Collins Harvill £11.95, 250 pages

THE PALE COMPANION by Andrew Motion Viking £11.95, 164 pages

exotic. The dramatic effects are repetitions; but the author is using timeless narrative technique to create not a conventional, but a subversive myth: the power of love over ideology, any ideology.

Andrew Motion's ostensible aim is more modest. The Pale Companion is to be the first of a sequence, presumably following the young Francis Mayne as he grows up during the 1960s. This is the pre-Aids era of passionate public school liaisons: alternative worlds kept firmly apart from the strained life of home.

Catherine's death is masterfully done: "When Catherine had stopped breathing, just before six, the hiss of her last breath was lost in the crash of a baking tin rattling on to the kitchen floor. This is indeed 'how it takes place', as Auden knew: 'While someone else is eating or opening a window, or just walking dully along.'"

Mary Hope

SHORT LIST

- THE SHORT list of six novels for this year's Booker Prize from which the winner will be announced on Thursday 26 October is:
- Cat's Eye by Margaret Atwood (Bloomsbury, £12.95)
- The Book of Evidence by John Banville (Secker & Warburg, £14.95)
- Jigsaw by Sybil Bedford

Booker Prize logo and introductory text for the competition.

If you would like to play an active part in this year's Booker Prize and perhaps attend the Dinner at the Guildhall on October 26 when the chairman of the Judges (David Lodge) will announce the winner, follow carefully the instructions below:

Be your own Booker Prize judge the two you consider nearest to it in slots (2) and (3). Now cut out the coupon and attach it to AN EXTRACT OF NOT MORE THAN 250 WORDS FROM THE SPEECH YOU WOULD MAKE AT THE DINNER AS CHAIRMAN OF THE JUDGES EXPLAINING THE REASONS FOR YOUR CHOICE of the winner.

FT BOOKER PRIZE COMPETITION My choice 1. 2. 3. Entries to: The Literary Editor 'Booker Prize Competition' The Financial Times, Number One Southwark Bridge, London SE1 9HL.

THIS IS Bill Waugh's Green Period. In fact, it has been his Green Period for most of his painful life. As he admits: "I'm sick of grass sometimes."

The Belfry, where the Ryder Cup continues today, is one of the special themes to inspire the brush of Paington painter William Kelly Waugh. "Royal Troon, 6th Hole" (large size), "Royal Troon, 6th Hole" (small size), "Royal Troon, 6th Hole" and "Royal Troon, 11th Hole" are some of his other works.

I don't know much about golf, but I know what I like, and I like the way Bill has developed the art of golf courses to a tee. He was just another engineer in a microwave development laboratory when his wife gave him a teach-yourself water colouring book.

"I started dabbling in painting," he recalls, "and my sister-in-law said, 'Bill, you should hang up a couple in her cafe.' He did, and his traditional West Country scenes gradually sold at £20 a time. They caught the eye of a passing gallery bigwig - another painter starving in his garret.

His assets were a handful of

Brushing up the art of golf

ing by numbers - went for £200 a piece at the resulting exhibition. If these early works had a fault, it was that they lacked a theme. This defect was remedied by an hotel director, who commissioned a painting of his golf course. Bill, who as an apprentice in his father's Clydebank foundry had played for his county, was sufficiently interested to deliver. However, the course of art golf did not run smoothly - the hotel changed hands and the new owners refused to write out the agreed cheque.

"A man who produced calendars said: 'Why don't you do a golfing calendar?' Then he went bankrupt. Having just received the cheque, Bill cancelled the publishing deal with £5,000 borrowed from the new Mrs Waugh, and it looked like another of art history's dead ends - another painter starving in his garret.

Country Notes

Sting in the tale

220 species of solitary bee in Britain while there are fewer than 30 species of swarmer. The solitary sort are less conspicuous, while a swarm of bees tends to be very obvious indeed. I recently came across a swarm adhering to the eaves of a church above the entrance to the porch and it was with some trepidation that I made my way underneath.



replace the current batch, which survives only a short time in the summer. Around the edges are slightly larger cells and here the queen, who can tell the difference in size, lays drone-producing eggs. Queen cells are different again, although the queen lays perfectly ordinary "worker" eggs, it is the workers who decide that they will rear new queens. Instead of just feeding royal jelly to the

designer ever, has invited me to paint 16 of his famous golf holes. His really are the ultimate courses, from Canada to Puerto Rico, from Monaco to Japan.

He was able to bid farewell to the job in microwave development, and to the sort of figures charged back in the days of his sister-in-law's cafe: "The gallery prices are between £500 and £3,000. I'm embarrassed with what I charge at times. It's only a landscape at the end of the day. If I didn't put a flag in it, you could knock off a couple of noughts."

Just as golfers must remember to keep left arm straight and head still, Bill has a checklist: sign it, number it and put in the flag.

He spends a lot of time at dawn and dusk waiting for a few pinks and reds to add variety to the green. Clubhouses are no problem: "Being a mechanical engineer, I find drawings of buildings easy to do and make accurate. I can really go as far as putting the screws in the drainpipes." Where he misses out is his own game - he has no time to play where he paints.

Jonathan Sale

I WAS repairing our porch during summer and, as I began to strip the wooden tiles, I was troubled by a single bee-like insect. It flew around me, buzzing intently, and although I brushed it away it was remarkably persistent.

Although all the same size, those at the bottom were almost entirely yellow while the top ones were much whiter. Closer inspection revealed them to contain the eggs and grubs of a solitary bee. The largely yellow ones held tiny eggs and a great store of yellow pollen. Moving up the series the grubs inside grew bigger while the pollen store diminished correspondingly until the topmost, a great thing whose food cache had almost disappeared. How it was intending to escape from its blind alley was not clear, although the bee might have known better.

We had not to think of bees as lone insects, being more used to them in swarms and hives. However, there are some

Chess

York 1966 for Fischer's "game of the century" against Byrne. Similarly, NatWest 1989 may well be recalled as the arena for Hebden's offer of bishop, rook and queen which forced Bronstein to resign.

Chess

White 1966 for Fischer's "game of the century" against Byrne. Similarly, NatWest 1989 may well be recalled as the arena for Hebden's offer of bishop, rook and queen which forced Bronstein to resign.

Chess board diagrams and game analysis text. Includes diagrams for 'BLACK 9 MEN' and 'WHITE 9 MEN'.

Bridge

THE FIRST hand today comes from rubber bridge, when I was playing partie fixe with my friend Derek Rimington - always an enjoyable occasion. Here is it:

Bridge hand diagram showing cards for North and South. North: N 10 9 7, K Q 2, 5 4, K 8 7 2. South: S 5 3, J 10 6 5 4 3, K Q 10 4.

Bridge

opponents followed, so South crossed to the table with a trump, and the establishment of eight of clubs gave a home to the diamond queen. The slam was safely delivered.

Bridge

Now the heart queen was successfully finessed, and a spade to dummy's ace was ruffed by East. Ruffing the club return, declarer cashed the ace of hearts, and West showed out. Unperturbed she led her last spade. West covered, dummy ruffed, and East overruffed. East played another club, and the declarer ruffed. She then cashed the ace of diamonds, led another diamond and

Bridge hand diagram showing cards for North and South. North: N 10 6, K 9 7 4, Q 10 9. South: S 8 3 2, Q 10 8 3, A 6 4 3.

IBM? Macintosh? advertisement for Computer Manuals Ltd. Includes text: 'FREE Booklet 021-706 6000', '24 Hour Mail Order Computer Book Service', '1400 Titles 100 Subject Areas 50 Publishers', '30 Lincoln Road, Oulton, Birmmingham B27 6PA'.

HOW TO SPEND IT

Lucia van der Post on Liberty's Eastern exhibition, a range of gentlemen's clothes from Laura Ashley, and London's Goldsmiths Fair

Taste of an Indian summer

ANYBODY who has been to India comes back with a new way of looking at the world. This is not the time to go into the more philosophical side of the Indian experience, but I am reminded of the rich and varied visual feast the country offers by the prospect of a huge Indian promotion, "The Bright Light of India," about to suffice Liberty shops throughout Britain.

India has traditionally been associated with charming but unsophisticated hand-blocked cottons, with Madras checks, and brilliantly coloured silks. In recent years teams of designers have flocked to India - drawn by the indigenous skills and raw materials, and longing to harness them to more sophisticated designs.

Liberty's Eastern exhibition, in the Liberty shops, particularly Regent Street, you will be able to see and buy some of the results of all this effort. You will be able to browse through a vast selection of fabrics, from the famous hand-blocked vegetable dye prints to paisleys and florals, Madras checks and bandhani.

Although Brigid began her collection of papier maché because she had always loved it, when she and her economist husband went to live in India they made a long trip to Kashmir to learn more about the country and the origins of the papier maché tradition.



Right: Painted Kashmiri papier maché table, one of the many pieces from Brigid Keenan's collection

More sources of Indian wares: ■ Indiaworks, Pimlico Road, London, SW1: Plain cottons at £2.50 a metre, check and striped cottons from £3.00 and crevel work at £3.00 a metre. Indian silks from £6 a metre. Vast selection of dhurries old and new starting from £120 - many of them are suitable for upholstery. A range of sofas and chairs covered in old, worn dhurries which look wonderful. Three-seater dhurrie-covered sofas are £1,975, arm chairs £985. Lots of cotton carpets, rattan furniture and brass ornaments.



Above: A selection of Rajasthani jewellery, Indian silver and wood objects, all from Liberty

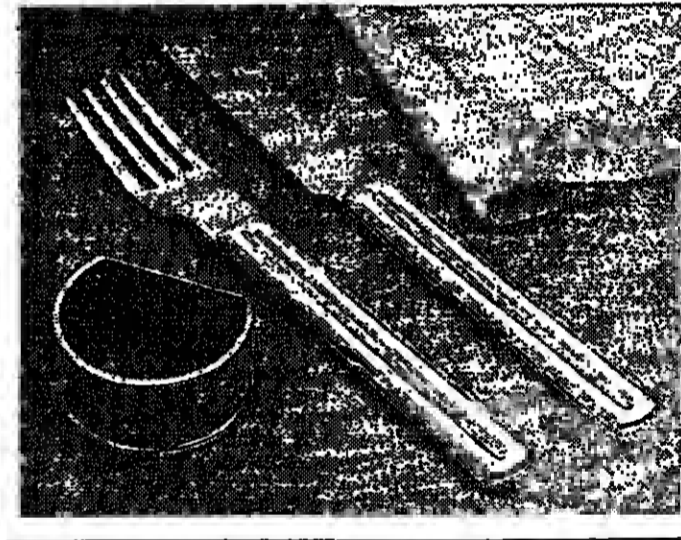
Clothes for the gentle gentleman

TIMES ARE tough for the show on the Clapham Omnibus. There doesn't seem to be anybody much interested in dressing him these days. Only gentlemen, it seems, are expected to need clothing. A year or so back, yuppies were the smart target. They were being wooed on every front - all those braces, pleated trouser fronts and expensive ties that spoke so tellingly of go-getting aggression and carefully oiled success.

smell the heather and hear the guns. Devised by Trevor Maddocks, who has been with Laura Ashley for many years, it was first launched tentatively as a small capsule collection at the menswear collections in Paris last spring.

Laura Ashley banner. Although the prices are much higher than the Laura Ashley for women range - with fine wool suits selling at £380, cotton shirts at about £45 and linen jackets at about £250 - it comes in priced well below Paul Smith and Ralph Lauren but slightly above Jaeger.

khaki, olive and mahogany as well as navy and charcoal. To turn from concepts to the clothes, they look lovely but not - to my perhaps untrained eye - remarkably new or dissimilar from other ranges that purport to cater the same sort of chap. There are nice-looking well-cut suits, in fine navy or charcoal stripes, shirts with classic collars and pure silk ties, linen jackets and button-down shirts (remember this is a Spring range for early next year), a splendid sailing jacket in olive, natural, ochre, terracotta or navy and some fine cotton drill trousers.



Flair at the Fair

THE ANNUAL Goldsmiths Fair in London is an event worth marking in the diary. Each year the company gathers the work of more than 70 of Britain's finest designer/craftsmen under one roof, and there can scarcely be a better chance to catch up with what our designers are up to - or a better opportunity to commission or buy a special piece to mark a birthday, anniversary or christening.

standard of design in her local high street, has ended up with a cherished necklace, pair of earrings or serving spoon. Anything and everything that can be made suitably from precious metals will be on view - usually jewellery is most in evidence and after that silverware for the table. Prices have always seemed to me to be exceedingly reasonable, often varying on the modest.

Advertisement for DAKS Simpson menswear, featuring a man in a suit and a list of items for sale like a silver tableware set and a watch.

Advertisement for Audemars Piguet watches, featuring two watches and the text 'THE ROYAL OAK' and 'Audemars Piguet La plus prestigieuse des signatures.'

Advertisement for Huntsmans menswear, featuring a man in a suit and the text 'HUNTSMANS Hand Tailored Autumn/Winter Range of Ready-to-wear Mens clothing now available. 11 SAVILE ROW 01-734 7441'

ARTS

Contempt clothed in a rich burlesque

William Packer reviews the Hogarth exhibition currently in Venice



A Hogarth 'The Laughing Audience'

TO GO all the way to Venice to see an exhibition devoted to that most English of English artists, William Hogarth, may seem a shade perverse...

painter, as opposed to the engraver, of 'Marriage a la Mode' or 'The Rake's Progress'...

medium, the prints first, with drawings and a few relevant paintings interspersed...

his time and impatient at the constraints of his trade, would he turn artist.

one or two of the finest canvases, of the Rake or the Marriage, perhaps, or the Election...

his wife (1757) that concludes the show. Bold, rich, remarkably fluent in the application and description, they retain even on the grandest scale a sense of the intimate and immediate personal presence.

WEDNESDAY, pm. Urgent telephone message. Director retrospective festival of Indian theatre, New Delhi, please come. P.S. started two days ago...

Drama of the Indian kind

Claire Armitstead visits a theatre festival in Delhi, while below Alastair Macaulay reports on an Indian dance season in London

Theatre establishment were out in force in a city still green after the monsoon. So were their detractors, who, in scornful dismissal of 'this old boys' reunion'...

It does not take very long for even the most innocent outsider to realise that Indian theatre is powered by the dramas that happen outside it...

ment of India during the second world war, centred on a naval mutiny which spread ashore. Yet when the play opened in Calcutta in 1965, Dutt, an outspoken communist, was thrown into jail...

However, the quest for identity in the Indian theatre extends beyond its subject matter to its whole language and structure. The old guard still talk fondly of the 'well-made play'...

strels whose plaintive musical signature comes poetry and comedy. The earthy richness of *Agra Bazar* embodies one approach to the enduring problem of marrying traditional forms with contemporary issues...

The progress of contemporary drama-tists and directors in re-interpreting the classics was much in evidence, throwing up an interesting new problem of its own. The exquisitely disciplined physical theatre of Ratan Thiyam's *Chakras-yuha*, a former fringe first-winner at Edinburgh, is perceived in some quarters to have international appeal simply because it does not attempt to address the problems of text and social context...

The work of Thiyam and Patel exemplify another of the current preoccupations of the Indian stage: the development of a professional theatre from a tradition that is predominantly amateur. Patel, a leading paediatrician, formed his company from the middle classes of Pune; his excellent leading actor is a psychiatrist, and his work embodies the whole-hearted exuberance of amateur tradition.

But Indian theatre also has its celebrities - as evidenced by the near riot prompted by the appearance of television heart-throb Naseeruddin Shah in the Malabarhata-derived *Andha Yug*. The health and wealth of Indian film and television are in a league of their own, siphoning off many of the best directors and actors. Yet the National School of Drama in Delhi, is the country's own official training ground, and its status and direction is a subject of heated debate.



P. Gopal and Ummakrishnan at The Place

AMONG the great pleasures of Indian dance is the contribution of the musicians and their presence on stage. The performance is a collaboration of equal partners. As with flamenco, if there isn't live music, the dancing isn't authentic.

Some of what occurred during the Indian Summer season at The Place this month was all too authentic - more like open rehearsal than performance. Indian dance is often concerned with particularly complex rhythmic patterns. Dancers and musicians collide on cycles of seven counts, or nines, or 16s, or 20s. Anjana Batra (September 9), an attractive dancer, attempted during her solo recital two virtuosic items involving such counts. But she and her musicians had to stop so often to fix their timings that these essays sel-

Bells and bare midriffs

dom took off to any heights. Well, this was certainly instructive, for it took us deep into the dance's musical intricacy. Too many sticky gear-changes, however, for us to enjoy the ride.

In the other four items of her programme, Batra proved an appealing, serious performer, somewhat nervous but dignified. Dancing in full trousers and skirted attire, with bells on ankles and midriff bare, she always showed the point of every dance passage. I recall in particular the grace and variety of her opening invocation to Shiva, its rippling arms and poses of prayer. The shift between movement and pose is always a vivid factor in Indian dance rhythm, and it was fascinating to see Batra pursuing

this to allegro extremes in her pure-dance items - showing us the finish of each gesture, punctuating series of rapid turns with sudden stamping steps.

She is a much more objective but less assured performer than the well-known Pushkalia Gopal and Ummakrishnan (September 21-23). The programme given by these two began with four items of classical Hindu dance, delivered with a large helping of charm and address. But I find them an odd couple. Gopal is short and compact, Ummakrishnan tall and slender. Her best dancing occurs above the collar-bone - the eyes, brows and neck are especially mobile in her Bharata Nattyan solo about the goddess Shakti or Parvati - and he is at his

vivid in his buoyant walk and forceful heel-stamps. They are both lively, communicative performers, but it soon becomes clear that her dancing isn't as clearly initiated in the torso as that of other Indian dancers, and that there is an element of unbecoming strain in the set of his waist and the frequent clench of his feet.

The second part of their concert was a new version of *Beauty and the Beast* directed by Hilary Westlake. This involved some part-Western music on tape, some speech in English and Hindi and plenty of coy acting. The effect was to dilute the power of Indian dance. When Gopal performs her Shakti-Parvati solo or Ummakrishnan does his martial Kathakali solo about Shiva and

Brahms by the LSO

ON THURSDAY the London Symphony began an enterprising mini-series of symphonic music by Brahms. With notable modesty, their conductor Michael Tilson Thomas has programmed no conductor's showpiece - which is to say, none of the four symphonies - nor even the Alto Rhapsody; we get instead all the concert except the Second for piano, and both the pairs of serenades and overtures, and (on October 1) two fine, neglected choral pieces. I'd have liked to have the cantata *Rinaldo* too, but one shouldn't be greedy.

This first concert, which included the 'Academic Festival' Overture and the Serenade no. 2 in A, showed everything in stylish fettle. In particular I admired the cheerful *al fresco* sound of the winds in the Serenade, where there are no violins to compete with, and Tilson Thomas's discreet marking of every modulation that matters. All that was lacking was the unabashed rack-

ety sound toward the end of the Overture that Brahms surely intended, and in the Serenade (especially the Scherzo) an analogous Biergarten thump - but a cosmopolitan conductor like T.T. is probably wise not to aim at such effects with a British band.

He achieved remarkable things with the orchestral part of the 3 minor Piano Concerto. Not only did he present Brahms's rawest scoring in the best possible light, but he followed and developed his soloist's reading of the music with the liveliest sympathy. Vladimir Feltsman, a recent Soviet émigré and a very good pianist, proved also to be a passionately serious musician; the performance went from strength to strength. From Feltsman's first entry, coolly contained but richly suggestive, it was plain that we were to hear a thoughtful reading in depth. Though the dramatic profile of the Macstoso was sharply cut, mere pianism never obtruded (he did treat the noble block-chord

tune as if it were dignified Rakhmaninov, but Russians generally do that). In the Adagio he and T.T. rose to eloquent heights, giving full value to the contrasts in the movement rather than reducing it all to a reverent lullaby.

Their performance was crowned by the final Rondo, which most often sounds athletic but effortfully studied. Swift and steady, Feltsman insisted - without macho histrionics - upon the trulent thrust of the main tune, and yet contrived a magical lightning in its later major-key promotion without any sentimental gearing-down. Throughout, the contrapuntal passages crackled with energy. For once, this Rondo carried Brahms's argument forward to a fresh conclusion, instead of seeming a mere rumbustious epilogue to what precedes. Feltsman looks like setting a high standard for his new Western competitors.

David Murray

LAST WEEK we left Radio 4's *Body and Soul* with its problem unsolved. Christopher, a popular vicar, has had a search during a year's seminar and is now Christian. She wants to continue in the house. The Church (C of E) is willing to accept her as a Deaconess, but won't let her give Eucharist or absolution. On the other hand, the state maintains that she is still a nun.

(Penelope Wilton) and the Rural Dean (John Burgess) on the touchline. The case is heard at Lambeth by the Archbishop. The problem is not in fact solved, for the Bishop unconstitutionally lets Christine carry on, even holds a service of blessing. The Rural Dean joins the Church of Rome. Theology odd, argument interesting and drama fine.

Radio

Trouble at the vicarage

this was originally directed for the World Service by Gordon House. Few of us have read more of Wilkie Collins's work than *The Moonstone* and *The Woman in White*, so it was cunning of Radio 4 to decide on his *No Name* for the Friday serial. This isn't a mystery story like the others, though towards the end of the first instalment of Ray Jenkins's adaptation the narrator asks 'What does everybody know except the children?'

Janet Whitaker's direction allows speech in an 1846 mode. If you have heard in the week's Radio 4 Wednesday feature by Michael Bakewell, the kind of life that Wilkie Collins stood for, you will perhaps concede the melodramatic coloration of his characters. This feature too goes on next week. Plays about actors will do, but novels about writers tend to be boringly autobiographical. Ronald Hayman covers himself in *Such Bitter Luck* by making his hero Woodhouse (Tim Pigott-Smith) a bad writer, so no one will accuse him of writing about himself. Woodhouse is working on a biography of the German writer Granbart, but not get-

Pick of the week

CHRISTIE'S Sir John Medina's Group Portrait is one of a fine and extensive collection of paintings to be sold in a country house sale at Frankham. Born into a Spanish family, Sir John Medina moved to Edinburgh in 1693 and was immensely successful painting the portraits of most of the nobility of Scotland. Christie's will also be auctioning furniture, objects of art, garden statuary, silver and porcelain at this sale. All of the items are the property of Michael Wells Esq., a keen collector of art since his early 20's and also a poet and a playwright, who has lived at Frankham since 1966. The sale will take place on the premises at Frankham, Mark Cross, Crowborough, East Sussex on Monday, 25 September at 11.00 a.m. and 2.00 p.m. For further information on this and any other sales in the next week, please telephone (01) 581 7611.

THE MAN, THE MUSIC... THE LEGEND The BUDDY HOLLY Story

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B.A. Young

SPORT

Europe's spirited comeback



An emotional Lanny Wadkins on The Belfry's 18th green yesterday

EUROPE'S Nick Faldo and Ian Woosnam were involved in a gripping contest against Tom Kite and Curtis Strange of the US at The Belfry yesterday as Europe staged a spirited comeback on the opening day of golf's Ryder Cup.

The two British golfers were two up after three holes, two down after 10 and back to all square after 15 - all this after a mix-up on the first tee when Woosnam and not Kite hit the first ball of the match.

By tradition the visiting team always has the honour at the opening hole but Ivor Robson, the experienced starter, perhaps a little flustered, sent Woosnam off first with Kite and Strange looking confused but not complaining.

In the other matches, Mark James and Howard Clark were all square with Lanny Wadkins and Payne Stewart after 16 holes; Seve Ballesteros and Jose-Marie Olazabal finished all square with Tom Watson and Chip Beck after 18, and Bernhard Langer and Ronan Rafferty were two down to Open champion Mark Calavecchia and Ken Green after 14 holes.

Light rain was falling to depress the large gallery which had begun to build up but Faldo and Woosnam huddled both the second and third holes to go two up and held this position comfortably until they arrived at the seventh hole.

Then the Americans won four successive holes to go from two down to two up. Kite and Strange tied the seventh and then the European pair

had three bad holes running at which they failed to make par.

Still two down after 12, they began a comeback with birdies at the 14th and 15th to level matters. A half at the 16th left both pairs with all to play for.

With the excitement mounting, Faldo missed successive putts of eight feet at the 16th and 17th so that the match went to the final hole still all-square.

Here Woosnam put his second shot into the bunker and Kite only just carried the water in front of the green. With the gallery on tenterhooks, Strange clipped up to eight feet and Faldo splashed out to five.

Kite holed his vital putt for a four but the gallant Woosnam also rolled his putt home for the match to end at level pegging.

Behind them James and Clark were having an up-and-down struggle with Wadkins and Stewart. They were one down after five, one up after seven, one down again after nine and one up for a second time after 13.

The Americans birdied the 14th to level the match again and the two pairs were still all square after 16 holes.

Ballesteros and Olazabal, who had been a considerable force in the last Ryder Cup match in the US in 1987, struggled at first against Watson and Beck and were one down after three holes.

But they came back to win the fourth, sixth and seventh to turn two up and went further ahead with a magnificent eagle two at the water-lined 10th.

Olazabal hit a three-wood from the tee to within eight feet of the flag and Ballesteros downed the putt.

This was supposed to have shaken Watson and Beck but their reply was to birdie three of the next four holes to level the match. At the 16th hole they three-putted to allow the Spaniards to go back in front.

In the last match Langer and Rafferty, the only newcomers to Ryder Cup play in the European team, were always struggling against Calavecchia and Green.

The two Europeans were two down after three and three down after six and though they fought back to two down by the 14th, it looked as if the Americans would at least take the final match.

In the match between Ballesteros and Olazabal and Watson and Beck, which finished all square after five and six holes were halved in par fours. After another half in par fours at the second, the Americans went ahead at the third.

The Europeans levelled the match at the long fourth, where the Americans were bunkered. By the 10th, they were three up.

Watson and Beck stormed back with two birdies at the 13th and 14th to make the match all square, but then three-putted the 15th to go one down again.

The Americans drew level at the 16th hole where Ballesteros failed to sink a six-foot putt. Olazabal holed from 15 feet for a half at the 17th, and the last hole was also halved.



Seve Ballesteros

WHAT MAKES a successful football manager? It is a job with limited career prospects - the only certainty is the sack - and at the critical point on a Saturday afternoon, the man in charge is reduced to sitting helplessly on the sidelines, bellowing exhortations at his players.

Zoologist Desmond Morris has described the manager as the tribal "witch doctor" only as good as his last incantation. And as a newly published book* reminds us, managers' performances can occasionally seem miraculous. When Jock Stein, perhaps the greatest post-war British manager, took up his first appointment at lowly Dundee, the club needed to win each of their last six matches to avoid relegation. Amazingly they did so, and then won the Scottish Cup in the following season.

Stein went on to build successful sides at Hibernian and Celtic, where he was manager of the first British club to win the European Cup and won six Scottish League and Cup doubles. Even he, however, could

not transform the Scottish national side into world beaters. The best managers have proved themselves at more than one club and have also honed their talents on medium-ranking clubs where they had to make use of limited resources.

If one can adapt the theories contained in the influential history book, *The Rise and Fall of Empires*, by Paul Kennedy, in which the author argues that in the long term economic and military success are closely correlated, one can state that footballing success over a sustained period depends on a large and cohesive supporter group.

It is much easier to build a strong club in a big city than in a medium-sized town such as Norwich, although it is possible to have one or two victorious seasons at a small club. The great names of European football - Real Madrid, Barcelona, Bayern Muenich, Ajax Amsterdam - bear out the theory.

On this basis, the manager is no more important than the individual general in a war. In the short term, he can win battles by his genius or lose them by his incompetence, but in the long term it would take a major demographic event in south London to turn, say, Wimbledon into consistent championship winners.

There is a virtuous circle at a larger club in which a season of success attracts larger crowds, who generate greater gate receipts, allowing money to be spent on better players, who win more trophies and so on. Top footballers naturally want to win trophies so they gravitate towards the more successful clubs, reinforcing the process.

CROSSWORD

Crossword puzzle titled 'No. 7,045 Set by GRIFFIN'. Includes a 13x13 grid and clues for Across and Down.

Down clues for the crossword puzzle, including 'Undies, half fur, gradually weaker (8)', 'Nark, getting home late (8)', and 'Mother volunteers to stick up for beastly opponent (7)'.

Solution and winners of Puzzle No. 7,044 and Puzzle No. 7,033, listing names and their respective puzzle numbers.

TELEVISION & RADIO

Television and radio listings for Saturday. Lists programs for GRAMPIAN, GRANADA, HTV, SCOTTISH, TSW, TVS, TYNE TEES, ULSTER, ANGLIA, CENTRAL, and CHANNEL, along with their respective times and descriptions.

SUNDAY

Television and radio listings for Sunday. Lists programs for GRAMPIAN, GRANADA, HTV, SCOTTISH, TSW, TVS, TYNE TEES, ULSTER, ANGLIA, CENTRAL, and CHANNEL, along with their respective times and descriptions.

Handwritten signature at the bottom of the page.